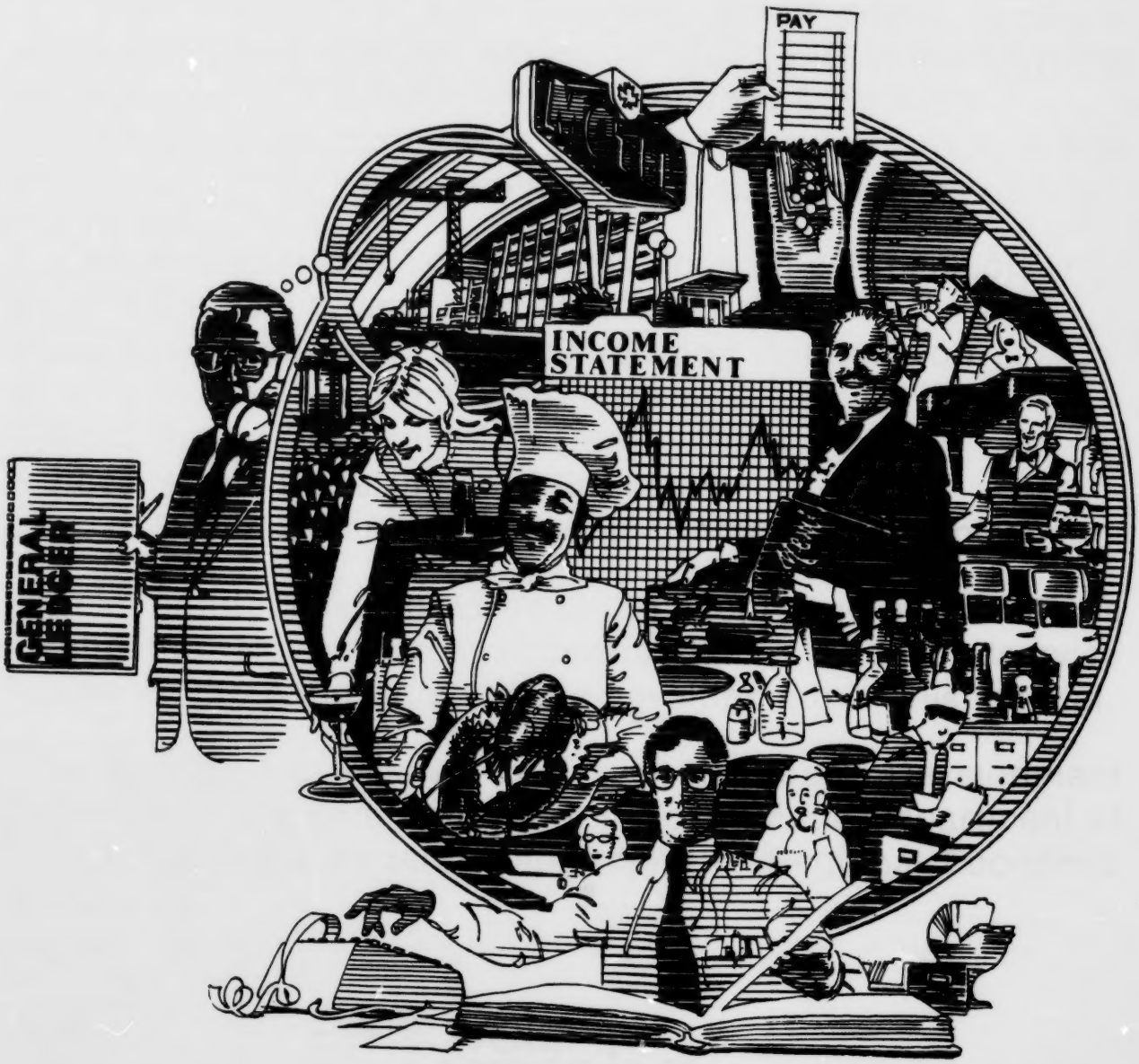
HOSPITALITY INDUSTRY FINANCIAL MANAGEMENT

TRAVEL MANITOBA
Dept. of Economic Development and Tourism

Accounting Systems and Financial Management Information for the Hospitality Industry



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Province of Nova Scotia

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Preface

"Accounting is boring! Leave it to bookkeepers to deal with this necessary evil, so that I can concentrate on running my business!"
If this statement sounds familiar it is probably because you have voiced it many times. If so, you have merely expressed the opinion of many hotel, motel and restaurant operators in this country, so you can rest assured that you are part of a "silent" majority. However, being in the majority does not necessarily mean being right; in fact, nothing is farther from the truth than the notion that accounting is boring, worthless and a waste of time.

"If accounting is not a waste of time, what value does it have for me?"
Accounting, by definition, is the process of recording, classifying and summarizing financial transactions. Sounds impressive, but in simple terms it means that everything that happens in your operation can be quantified or expressed in figures. The assembly of these figures gives you clear, concise and unbiased information on how your business is doing, how it should be doing and how it could be doing given different circumstances. Accounting, therefore, is a valuable tool of management information which is vital if you intend to remain in business.

"But I do not need these figures! I have a feel for the business, and I can sense easily what is happening!"
Allow us to disagree. Certainly, a successful hospitality industry operator requires a great deal of feel and intuition. It's part of his stock in trade. After all, he sells more than rooms and meals: he provides a living "experience" which must be interesting and satisfying in order to be of value. However, there is plenty of evidence that, when operators try to manage their business primarily on opinion and intuition, flexibility deteriorates into indecision and energy into waywardness. You need figures because, as we said, they are precise and unemotional, and therefore the only unbiased source of information you have.

"How do I go about getting these figures?"
That's what this manual is all about. It gives a detailed description of the use of accounting procedures for management information purposes. General task instructions related to financial management such as budgeting, break-even analysis, staff scheduling; accounting set-ups for various types of hospitality industry operations; a uniform accounting system and expense dictionary are also part of this manual.

"But I don't know how to do bookkeeping. Can I still use the manual?"
You certainly can. You see, the value of accounting does not lie in the preparation of figures, but in the interpretation of figures as a reference and planning tool. Someone, if not you then an accountant or bookkeeper, will have to use debits and credits to prepare the books. There is no way that accounting can be done without knowledge of debits and credits. For you, the operator, the value lies not just in keeping the books, but in making use of the assembled data for more effective management.

"Is reading the manual all I have to do?"
Of course not. First, you cannot merely read the manual, you have to study it. There will be sections which you may not

understand at first try. That is natural. Study it again, work with your bookkeeper and accountant and it will soon become clear. The manual is not meant to be read quickly and put away on the shelf. It requires diligence, interest and commitment from you.

"Can I understand it?"
The manual tells you a great deal about ways to become a more informed operator. And, correct information today is the foundation of success. But this does not mean that study will be easy. Accounting requires discipline and learning, but then, so do most worthwhile activities.

"What do I need to use the accounting system?"
Basically, you need only paper and pencil. The manual shows recommended accounting set-ups on a variety of columnar sheets. These sheets are available in any stationery store and chances are you or your accountant already use similar forms. Then, there are some one-write systems which are explained in detail. To use these you need a data board, also available in stationery stores.

"What does it cost me, how much time will it take to do the accounting properly, and who will help me if I get stuck?"
The manual was developed by Laventhol & Horwath, funded under a sub-agreement between the Nova Scotia Department of Tourism and Canada Department of Regional Economic Expansion. Your expenses are pencils and paper forms, probably not much more than you spend right now. If you wish to use a one-write system, there is the initial expense of the board and forms but these expenses are minimal in the long run. Nobody knows how much time it will take you to do the accounting properly. If you are a good bookkeeper, it will be easy. If you have a good accountant, it will be easy too. In any case, the question is not whether you can spare the time; but whether you can afford *not* to spend the time. And who is there to help you? Your accountant, your bookkeeper, almost anybody knowledgeable in accounting.

"Can you guarantee I will become a better operator by using an accounting system?"
As much as we would like to do that, we cannot. Nobody can guarantee success and the system is only a tool which, when properly used, can increase income and improve profitability. We can guarantee one thing, however: if you do not use a proper accounting system, chances are your problems will soon become insurmountable. Business is likely to become more complex and without figures and statistics it is difficult to keep a clear head. An accounting system does not lower energy rates nor decrease the price of food products but it does provide the means to bring these costs into perspective.

"What are the other benefits?"
The system helps you communicate with others. If everyone uses the same method of accounting, operations can be compared, one with another, and with firm knowledge that the figures on different operations have been assembled in the same way. Industry comparisons are important; it is very useful for you to know how your operation compares with the provincial or regional average. A satisfactory accounting system also helps if you want to borrow money. Lenders are more likely to grant loans to a business whose books show it is rationally organized, than to one managed by intuition. A good accounting system is taken as a sign of managerial strength, and most, if not all lending institutions today are unwilling to lend money to an operator without considerable faith in his managerial capability.

We hope we have answered most of your questions. Now let's open the books and start studying.

Introduction

Over the years specialized accounting practices and procedures have been developed for the hospitality industry. The difficulty of controlling and accounting for the goods and services offered by the hospitality industry, and other unique aspects of the business, have been recognized and have led to the development of an orderly and uniform system of recording accounting transactions. Uniformity and orderly application of accounting techniques is the basis of internal control and management decision making.

Uniformity enables operators and outsiders to compare a business with industry standards. Operators need such benchmarks to evaluate their own effectiveness and the effect of their efforts. Outsiders require uniformity for the same basic reason. Lending institutions, for instance, are more willing to lend money to an enterprise which provides clear financial information that can be compared to industry standards, than to one that does not.

The hospitality industry, therefore, has designed a system of allocating revenues and expenses and presenting financial information called the "Uniform System of Accounts."

The Uniform System of Accounts consists of a chart of accounts and a financial statement format specially designed to meet the needs of the industry. Motels and restaurant operators throughout the world use the system, not because this is required, but, because they have found it to be the most logical and comprehensive way to keep track of their businesses.

The accounting and financial management systems outlined in this manual follow the principles of the Uniform System of Accounts and have been modified to meet the particular needs of motel and restaurant operators in Nova Scotia.

The following pages summarize the accounting process in the hospitality industry. Subsequent sections of this manual provide greater detail on accounting for motels offering rooms only, for full service motels, and for restaurants. A section on financial management techniques is provided; also a glossary of terms; an expense dictionary showing on which accounts to charge expenses; and textbook references.

The Accounting Process

Accounting is based on the double entry concept (for every debit there must be a credit and total debits must always equal total credits). For example, when a restaurant sells a meal the cash account is debited and the food sales account is credited.

There are five major categories of accounts:

- Revenues
- Expenses
- Assets
- Liabilities
- Shareholders (owners) Equity

The chart below illustrates how debit and credit entries affect these accounts.

The entire accounting system, in simplified terms, works as follows:

1. During one month a motel accommodates guests and charges them $1,250 for the rooms rented. While the guests are registered in the motel this results in a debit to accounts receivable (assets) and a credit to room revenue (revenue). When the guests check out, they pay cash; this is a debit to cash (assets) and credit to accounts receivable (assets).
2. Expenses incurred during this period totalled $1,100 including items such as payroll, supplies and cleaning. The payment of these expenses results in a debit to the applicable expense accounts (expenses) and a credit to cash (assets).
3. At the end of the month a financial statement is prepared which indicates that a profit of $150 was made ($1,250–$1,100).
4. The net effect of these transactions has been to increase the cash account and the retained earnings by $150.

Action	Assets	Liabilities	Shareholders Equity	Revenue	Expenses
Debit	increases	decreases	decreases	decreases	increases
Credit	decreases	increases	increases	increases	decreases

The initial step in the accounting process is to determine which accounts are affected by transactions that occur within the enterprise. Various source documents (i.e. guest checks, bank deposits, cheques issued, etc.) show the transactions which have occurred.

Once the effect of the transaction and the appropriate account is determined (use chart of accounts and expense dictionary) the transaction is recorded in a journal.

A journal is called a book of original entry because it is used to record all transactions (usually when they occur). Journals commonly used in the hospitality industry are:

- Sales/Cash Receipts Journal
- Accounts Payable/Disbursements Journal
- Payroll Journal
- Monthly Journal
- General Journal

In the smallest owner-operated facility the sales/cash receipts and disbursements journals can be combined and the monthly and general journals could be combined. On the other hand, a larger operation might have a separate cash receipts and sales journal and a separate accounts payable and disbursements journal.

The specific journals, and their application, are more fully explained in sections of this manual dealing with accommodation and restaurant accounting systems.

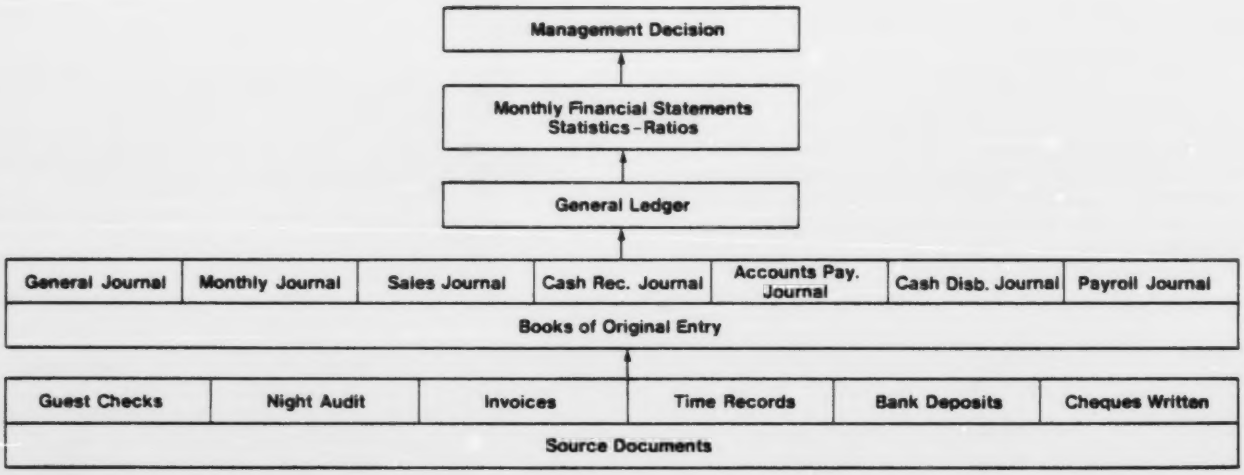
The basic working of the journals is as follows:

At each month-end the information in the journals is totalled by individual account and the totals are posted to the accounts in the general ledger. The general ledger lists accounts in the same order as they appear in the financial statements. A subsidiary ledger is required for accounts receivable (which in essence is the guest folios). This ledger shows the charges, payments and balance outstanding for each guest. The total of all outstanding guest accounts must be kept in agreement with the accounts receivable (control account) in the general ledger.

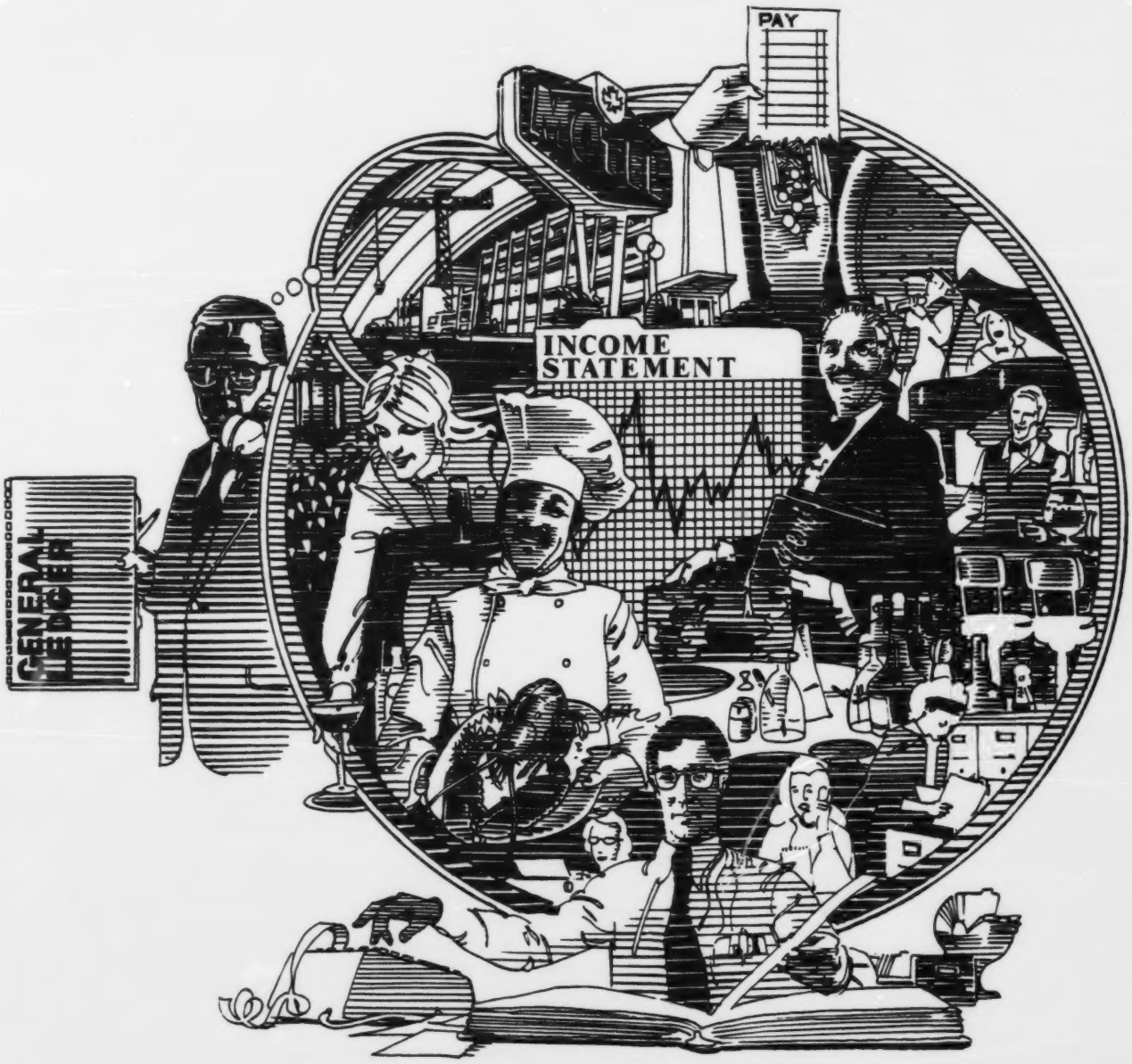
Once all postings (recordings) have been made to the general ledger and special adjustments made to accrue (provide for an expense before receiving the bill) expenses such as property taxes, the general ledger accounts can be totalled. The total of all debit balances in the general ledger should equal the total of all credit balances, indicating the ledger is "in balance." The process of checking that credits equal debits is called taking a trial balance. The revenue and expense accounts in the general ledger are used to prepare the income statement. A balance sheet showing the financial position of the enterprise can be obtained by listing the asset, liability and shareholders equity accounts. This information, together with the statistics and ratios described in the financial management section of this manual, provide management with information nececssary for decision making. A flow chart of the accounting process is shown in Figure 1-1.

Flow Chart of Accounting Process

Fig. 1-1



Book 1
Accounting Systems



Principles of Hospitality Industry Accounting

The principles of hospitality industry accounting are documented in the example of a full service accommodation facility. Other hospitality industry operations, i.e., motels without food and beverage facilities or free standing restaurants, should use this example to gain knowledge about the general accounting process. By simply neglecting those portions of the example which are not applicable to their own operation, they can apply the general accounting techniques to their own requirements. A more detailed explanation of accounting principles governing other types of operations is provided in the following two chapters.

Chart of Accounts

A good motel accounting system must start with a properly organized general ledger chart of accounts. On the following pages we present a Chart of Accounts for a Full service Motel. These accounts are in conformity with the "Uniform System of Accounts for Hotels." Accounts may be added or deleted to suit your particular business without destroying uniformity, providing the accounts used are kept within the proper departments or classifications.

There are many methods for numbering the general ledger accounts. You may have some ideas of your own or your accountant may have some suggestions. We have included a suggested numbering system to illustrate the concept.

The Chart of Accounts groups the accounts under the following classifications:

	Group
Assets	100
Liabilities and Shareholders Equity	200
Revenues	300
Cost of Sales	400
Departmental or Direct Operating Expenses	500
Undistributed Operating Expenses: Administrative and General Expenses) Marketing)	600
Property Operation, Maintenance and Energy Costs	700
Fixed Charges: (Occupancy Costs) Rent, Property Taxes and Insurance) Interest Expense) Depreciation and Amortization)	800
Gain or Loss on Sale of Property	860
Income Taxes	870

In an operation with more than one cost centre, the department is indicated by a letter in front of the applicable Revenue, Cost of Sales or Departmental Operating Expense account. (e.g. Rooms Department Employee Benefits–"R-519")

The accounting transactions illustrated in the various journals, further on in this chapter, are coded in accordance with this suggested numbering system.

Chart of Accounts– Full service Motel

Assets

	Account Number
Current Assets	
Cash	
Cash Floats	100
Cash in Bank–Operating Account	101
Cash in Bank–Bank Cards	102
Marketable Securities	109
Receivables	
Accounts Receivable	110
Allowance for Doubtful Accounts	119
Inventories	
Food	120
Beverage	121
Gift Shop	122
Operating Supplies	123
Prepaid Expenses	130
Other Current Assets	135
Investments and Advances	140
Property and Equipment	
Land	150
Land Improvements	151
Buildings	160
Leasehold Improvements	165
Furniture and Equipment	170
Accumulated Depreciation	
Land Improvements	A-151
Buildings	A-160
Leasehold Improvements	A-165
Furniture and Equipment	A-170
China, Glass, Silver, Linen, Uniforms	189
Other Assets	190

Liabilities

	Account Number
Current Liabilities	
Bank Loans	200
Accounts Payable	210
Income Taxes Payable	220
Accrued Liabilities	230
Other Current Liabilities	
Employee Deductions–Tax, CPP, UIC	250
Employee Deductions–Other	251
Gratuities Collected	252
Sales Tax Collected	253
Long-Term Debt	
Mortgage Payable	260
Loans From Shareholders	265
Other Non-Current Liabilities	270
Deferred Income Taxes	280

Shareholders' Equity

Capital Stock	290
Retained Earnings	291
Profit and Loss Account	295

Rooms Department

Revenues	
Guest Rooms	R-300
Expenses	
Salaries and Wages	R-500
Employee Benefits	R-519
Cleaning Supplies and Expenses	R-530
Contract Cleaning	R-531
Commissions–Travel Agents	R-540
Laundry and Drycleaning	R-550
Linen, Bedding Supplies, Uniforms	R-553
Other Operating Expenses	R-555
Paper, Stationery and Guest Supplies	R-560

Food and Beverage Department

Revenues	
Food Sales	F-300
Beverage Sales	F-310
Other Income	F-390
Cost of Sales	
Cost of Food Sales	F-400
Cost of Beverage Sales	F-410
Expenses	
Salaries and Wages	F-500
Employee Benefits	F-519
China, Glass, Silver, Utensils	F-520
Cleaning Supplies and Expenses	F-530
Contract Cleaning	F-531
Kitchen Fuel	F-545
Laundry and Drycleaning	F-550
Licenses	F-552
Linen, Uniforms	F-553
Other Operating Expenses	F-555
Paper, Stationery and Guest Supplies	F-560
Music and Entertainment	F-565

Telephone

	Account Number
Revenue	
Telephone Calls	T-300
Cost of Sales	
Cost of Telephone Calls	T-400
Equipment Rental	T-410
Expenses	
Salaries and Wages	T-500
Employee Benefits	T-519
Other Operating Expenses	T-555
Printing and Stationery	T-570

Gift Shop

Revenue	
Gift Shop Sales	G-300
Cost of Sales	
Cost of Gift Shop Sales	G-400
Expenses	
Salaries and Wages	G-500
Employee Benefits	G-519
Other Operating Expenses	G-555

Rentals and Other Income

Cash Discounts Earned	I-391
Concessions and Store Rentals	I-392
Interest Income	I-393
Vending Machines (net)	I-394

Administrative and General Expenses

Salaries and Wages	600
Employee Benefits	619
Bank Charges and Exchange	620
Cash Over/Short	625
Credit Card Commissions	630
Credit and Collection Charges	632
Donations	635
Dues and Subscriptions	637
Insurance–General	650
Printing, Stationery and Postage	670
Professional Fees	672
Provision for Doubtful Accounts	675
Travel	682
Miscellaneous	684

Marketing

Advertising	690
Other Selling and Promotion Expenses	691

Property Operation, Maintenance and Energy Costs

Property Operation and Maintenance	Account Number
Salaries and Wages	700
Employee Benefits	719
Building and Furniture	720
Electrical and Mechanical Equipment	722
Grounds	724
Snow and Waste Removal	777
Supplies	778
Miscellaneous	784
Energy Costs	
Electricity	790
Fuel	792
Water	794

Rent, Property Taxes and Insurance

Rent–Building	800
Rent–Equipment and Furniture	801
Property and Business Taxes	810
Insurance–Building and Contents	820

Interest Expense

Long-Term Debt	830
Other	831

Depreciation and Amortization

Depreciation	840
Amortization–Leasehold Improvements	850
Gain or Loss on Sale of Property	860
Income Taxes	870

House Laundry

Expenses	
Salaries and Wages	900
Employee Benefits	919
Supplies	978
Miscellaneous	984
Charged To	
Rooms Department	990
Food and Beverage Department	991

Front Office Accounting

The accounting cycle can best be illustrated by starting with transactions which occur at the front office.

Front Office accounting performs three basic functions:

- recording charges and payments to accounts receivable (Guest and City Ledger Accounts)
- recording of non-charged revenue from all profit centres
- night audit

Upon check-in, a guest folio is opened for each customer or room. All charges which are incurred during the stay are recorded on the folio. Accommodation facilities therefore extend automatic credit to each registered guest and the total of all folios of registered guests, or active accounts, is called the Guest Ledger. Each guest ledger folio is an account receivable which becomes due upon check-out.

Upon check-out, the folio of each individual guest or room has to be brought to zero or transferred to the City Ledger section of the accounts receivable tray (bucket). City Ledger is a term used in the industry to refer to accounts receivable of guests who are no longer registered in the motel.

An active account can be rendered inactive in the following ways:

- The guest can pay for his outstanding charges by cash, personal cheque or bank card.
- The guest can pay for his charges by using any other accepted credit card such as American Express or Diners Club.
- The guest can have the facility bill him or his company.
- The guest can have another guest pay for his bill.

The first method of payment is a straight cash settlement. The second method involves transferring the balance from the guest folio onto applicable credit card company account in the City Ledger. The third method is accomplished by transferring the guest folio to the City Ledger section of the tray. The fourth method is a transfer from one guest folio onto another.

Revenues from all profit centres must be recorded at the front desk. Cash collected in the profit centres is deposited at the front desk, where the revenue is posted into the appropriate department and payment is indicated at the same time.

The term Night Audit refers to the balancing procedure required to close one day's business. This task is usually performed at night but can be done at any time, late evening or early morning, as long as the previous day's business is completed. During the night audit, room charges, applicable taxes and other incidental charges are recorded. The night auditor then balances the guest ledger using this calculation:

Guest Ledger previous day
\+ All charges
– All receipts
= New Guest Ledger balance

The night audit is a very simple procedure if the posting of charges and settlements during the day has been done correctly. The calculation can be verified by running a tape of the outstanding balances on all active accounts.

The individual characteristics of accommodation facilities are widely diversified since the services offered to guests are rarely the same in any two properties. The system used for recording of guest charges and settlements, therefore, has to be tailored to individual needs. On the following pages we present a front office accounting set-up which provides all the basic elements required by a full service or medium sized rooms-only motel.

Front Office–
Manual One-Write System

The major drawback of a manual front office system is the duplication of identical entries, which have to be recorded. To avoid this time-consuming duplication, a one-write system was designed. Its components are:

1. Registration Card and Guest Folio (in duplicate)–Figure 1–2
2. Daily Transcript (Record of Charges and Receipts)–Figure 1–3
3. Data Board

The folio contains lines for general guest identification as well as a schedule for recording of guest charges and settlements. The format of the schedule is identical to that of the Transcript and, by using the one-write method, a guest charge or settlement recorded on the folio is automatically copied onto the Transcript.

The forms have three transaction blocks or columns.

- Charges–to record guest charges
- Receipts–to record settlements
- Balance–to record outstanding balance

The transcript has an additional column called "Previous Balance."

The use of the Folio and the Transcript is illustrated with the following example:

Transactions–June 5, 19--

1. Mr. Ginsberg checks into the motel. At the time of arrival, the desk clerk selects the next prenumbered guest folio and completes the identification (top) portion including the expected date of departure. The clerk then files the folio in the Guest Ledger under Room 9.

2. Mr. Jones who was registered in Room 2 checks out. He has a balance of $40.00 carried forward from the previous day and has not incurred any charges for June 5. Mr. Jones settles his account in cash. The clerk records the payment. See entry on Daily Transcript (Figure 1–3). The original of the folio is given to Mr. Jones and the copy is retained for accounting purposes (not shown).

3. Mr. Kelman who was registered in Room 11 checks out. He has a balance of $32.00 and settles his account by Master Charge. See entry on Daily Transcript (Figure 1–3).

4. Mr. Owen who was registered in Room 15 checks out. He has a balance of $57.00 and has arranged for Mr. Allen in Room 3 to pay his bill. Mr. Owen's folio is closed out.

   The transfer of $57.00 is posted to Mr. Allen's account leaving a closing balance of $142.00. Mr. Owen's name and folio number are noted beside the charge.

   See entries on Daily Transcript (Figure 1–3).

5. Mr. Ginsberg has lunch in the restaurant and the waitress records the meal on a prenumbered guest check (Figure 1–4). Mr. Ginsberg charges the meal, totalling $8.64, to his room. The guest check is recorded through the restaurant cash register as a charge sale. The guest check is forwarded to the front desk and filed in the Guest Ledger under Room 9.

6. Mr. Allen in Room 3 checks out. On June 5 he has incurred charges of $6.36 for a meal in the restaurant and $.50 for telephone. These charges are posted at this time to Mr. Allen's folio which now shows a balance of $148.86. Mr. Allen settles his account by American Express credit card. His account is closed out.

   The amount of $148.86 is transferred to the American Express account in the City Ledger. The name of the guest and his folio number is noted beside the charge. This account had a previous balance of $200.00 and, after posting the charge, shows a balance of $348.86.

   See entries on Daily Transcript (Figure 1–3).

7. Mr. Horne checks out. His account balance of $69.00 is to be billed to his firm–Fraser and Horne. The clerk closes out Mr. Horne's account indicating on the folio and transcript that it has been transferred to the City Ledger.

   The amount of $69.00 is transferred to the Fraser and Horne account in the City Ledger. The name of the guest and his folio number is noted beside the charge. This account had a previous balance of $300.00 and, after posting the charge, shows a balance of $369.00.

   See entries on Daily Transcript (Figure 1–3).

8. Mr. Sherwood checks in. He occupies Room 11, vacated by Mr. Kelman. The desk clerk repeats the procedure outlined in transaction 1, above.

9. Mr. & Mrs. Bruce check in. They had previously sent in an advance deposit of $25.00 at which time a guest folio was started and the deposit recorded thereon. The desk clerk locates the folio in the City Ledger under the tab "Advance Deposits," reviews the identification section of the folio for completeness and files it in the Guest Ledger under Room 12.

10. Mr. Smith in Room 1, who stayed over from the previous day, incurs charges on June 5 of $2.50 for restaurant and $1.25 for telephone. The guest check is processed in the same manner as in transaction 5 above and the check along with the telephone slip are filed under Room 1 in the Guest Ledger.

11. Mr. Johnson in Room 7, who stayed over from the previous day, complained that he was being overcharged for his room. An adjustment of $3.00 plus tax was authorized by the manager and recorded on his folio. See entry on Daily Transcript (Figure 1–3).

12. A cheque is received from Maritime Tel & Tel for $93.00 representing payment of its account with the motel. The clerk posts this payment to the appropriate City Ledger account. See entry on Daily Transcript (Figure 1–3).

13. The soft drink vending machine is refilled and the change amounting to $18.00 is turned in to the front desk. The clerk makes a memo of the transaction and deposits the change and memo in the cash drawer.

14. The restaurant sales for the day are balanced to the cash register tape and the cash is turned in to the front office. See details on top portion of Daily Cash Reconciliation (Figure 1–5).

15. This constitutes all transactions up to close of business on June 5 at which time the night audit is commenced.

Night Audit

1. All charges for registered guests are posted to the guest folios starting with room number 1:

	Rooms	Tax	Telephone	Restaurant
Room 1				
Mr. Smith	$20.00	$1.60	$1.25	$2.50
Room 7				
Mr. Johnson	20.00	1.60	—	—
Room 9				
Mr. Ginsberg	20.00	1.60	—	8.64
Room 11				
Mr. Sherwood	18.00	1.44	—	—
Room 12				
Mr. & Mrs. Bruce	30.00	2.40	—	—

See entries on Daily Transcript (Figure 1–3).

2. The payment of $93.00 on the Maritime Tel & Tel City Ledger account is posted. See entry on Daily Transcript (Figure 1–3).

3. A sub-total is taken of the transactions recorded on the Daily Transcript. The transcript is cross balanced to check for clerical errors. (Total of previous balances, plus charges, less receipts must equal total of closing balances.) Any cross balancing errors must be located and corrected on both the Daily Transcript and applicable Guests Folios at this time.

	*		
0.	T		
			PREVIOUS BALANCES
1218.30	+		
105.00	+	}	CHARGES
8.40	+		
1.75	+		
17.50	+		
274.86	+		
165.00	−	}	RECEIPTS
148.86	−		
126.00	−		
1185.95	T		CLOSING BALANCES

4. Total restaurant charge sales per Daily Transcript ($17.50) are agreed to the Restaurant (top) section of the Daily Cash Reconciliation.

5. Non-charged revenue is entered on the Daily Transcript:

Restaurant sales	$112.20
Vending machine	18.00
Cash over	.75

See entries on Daily Transcript (Figure 1–3).

6. The Daily Transcript is totalled and cross balanced (see adding machine tape attached to Daily Transcript).

7. Total cash per Daily Transcript is agreed to the total cash deposited per Daily Cash Reconciliation, Figure 1–5 ($295.95).

8. The Guest Ledger control balance is computed:

Guest Ledger previous day
Add Charges
Deduct Receipts
Equals New Guest Ledger

See calculation on Daily Transcript (Figure 1–3).

9. A trial balance tape of active folios is taken and the total ($998.49) is agreed to the control balance computed in 8 above. You will note that there is one active account with a balance of $125.00 on which there were no transactions for June 5. (See adding machine tape attached to Daily Transcript).

Registration Card & Guest Folio

Fig. 1-2

ROOM NO.	NAME	GUESTS
9	MR. JOHN GINSBERG	1

№ 0216

STREET ADDRESS: 48 QUEEN STREET

CITY: MONTREAL

MAKE OF CAR	LICENSE NO.	PROVINCE OR STATE
DODGE	481233	P. Q.

DATE OF ARRIVAL: JUNE 5 — DATE OF DEPARTURE: JUNE 8

DATE	CHARGES										RECEIPTS						BALANCE	
	ROOMS		TAX		TELEPHONE		RESTAURANT				OTHER		CASH		CREDIT CARD		OTHER			
JUNE 5	20	00	1	60			8	64											30	24

THIS AMOUNT WILL BE
- CASH ☑
- CHEQUE ☐

CHARGED TO
- COMPANY ☐
- PERSONAL ☐

CREDIT CARD
- CHARGEX ☐
- AMERICAN EXPRESS ☐
- MASTER CHARGE ☐

NO. _____

Daily Transcript: Record of Charges and Receipts

Fig. 1–3

Room No.	Name	Guests	Folio No.	Previous Balance	Date	Charges: Rooms	Tax	Telephone	Restaurant			Other	Receipts: Cash	Credit Card	Other	Balance
2	JONES		209	40 00	JUNE 5								40 00			-0-
11	KELMAN		210	32 00	JUNE 5								32 00 HC			-0-
15	OWEN		211	57 00	JUNE 5										57 00	-0-
3	ALLEN		212	85 00	JUNE 5					OWEN FOLIO		57 00 T				142 00
3	ALLEN		212	142 00	JUNE 5			50	6 36							148 86
3	ALLEN		212	148 86	JUNE 5									AR 148 86		-0-
—	AMERICAN EXPRESS		103	200 00	JUNE 5					ALLEN FOLIO		148 86				348 86
8	HORNE		211	69 00	JUNE 5										CL 69 00	-0-
—	FRASER-HORNE		142	300 00	JUNE 5					HORNE FOLIO		69 00				369 00
7	JOHNSON		214	24 84	JUNE 5	(3 00)	(24)									21 60
1	SMITH	1	213	30 00	JUNE 5	20 00	1 60	1 25	2 50							55 35
7	JOHNSON	1	214	21 60	JUNE 5	20 00	1 60									43 20
9	GINSBERG	1	216	-0-	JUNE 5	20 00	1 60		8 64							30 24
11	SHERWOOD	1	215	-0-	JUNE 5	18 00	1 44									19 44
12	BRUCE	2	157	(25 00)	JUNE 5	30 00	2 40									7 40
—	MART. T.		145	93 00	JUNE 5								93 00			-0-
	SUB-TOTAL			1218 30		105 00	8 40	1 75	17 50			274 86	165 00	148 86	126 00	1185 95
	RESTAURANT								112 20				112 20			
	VENDING MACHINE											18 00	18 00			
	CASH OVER (SHORT)											75	75			
5	TOTAL	6		1218 30		105 00	8 40	1 75	129 70			293 61	295 95	148 86	126 00	1185 95

CROSS-BALANCE TAPE

	0-	T
CHARGES	105·00	+
	8·40	+
	1·75	+
	129·70	+
	293·61	+
	538·46	T
RECEIPTS	295·95	+
	148·86	+
	126·00	+
	570·81	T
PREV. BAL.	1218·30	+
	538·46	+
	570·81	−
CLOS. BAL.	1185·95	T

GUEST LEDGER CONTROL

BALANCE FROM PREVIOUS DAY	708 84	
ADD CHARGES	538 46	
DEDUCT RECEIPTS	570 81	
NEW GUEST LEDGER BALANCE	$ 998 49	

GUEST LEDGER TRIAL BALANCE

0-	T
55·35	+
43·20	+
30·24	+
19·44	+
7·40	+
348·86	+
369·00	+
125·00	+
998·49	T

DATE JUNE 5, 19— PAGE NO. 5

Guest Check

Fig 1-4

NUMBER PERSONS	SERVER	TABLE	DATE	CHECK NO.
				133510

1 Hamburger	7.70
1 coffee	.30

FOOD TOTAL	8.00
FOOD TAX	.64
BAR TOTAL	
TOTAL	8.64

Daily Cash Reconciliation

Fig. 1–5

June 5, 19--

Restaurant		
Sales	$122.05	
Tax	7.65	129.70
Less: Charged Revenue	$17.50	
Payments by Credit Card	—	17.50
		112.20
Cash received on Guest and City Ledger Accounts		
Per Daily Transcript		165.00
Other Cash Receipts		
Vending Machine		18.00
Total		295.20
Cash Over (Short)		.75
Cash for Deposit		$295.95
Deposits		
Operating Account		$263.95
Bank Card Account (Master Charge)		32.00
Total		$295.95

Cash Receipts/Sales Journal

This journal records all cash receipts and sales transactions including transfers of funds from the Bank Card Account to the Operating Account and commissions on funds deposited to the Bank Card Account. The lay-out of the Cash Receipts/Sales Journal is shown in Figure 1–6.

The use of this journal is illustrated with the following examples:

Transactions

1. Cash receipts and sales transactions as shown previously for June 5 on the Daily Transcript and Cash Reconciliation (Figures 1–3 and 1–5).
2. Transfer of $50.00 on June 5 from the Bank Card Account to the Operating Account.
3. Commission of $8.00 on amounts deposited to the Bank Card Account.

Recording

The recording of these transactions is illustrated. Please note that for each transaction the debits equal the credits as indicated by the following tape of the cash receipts and sales transactions.

0.	T	
26395.	+	CASH RECEIPTS
3200.	+	BANK CARD RECEIPTS
53846.	+	CHARGES (PER TRANSCRIPT)
83441.	T	TOTAL DEBITS
10500.	+	ROOM REVENUE
12205.	+	FOOD REVENUE
175.	+	TELEPHONE REVENUE
765.	+	FOOD TAXES
840.	+	ROOM TAXES
57081.	+	ALL SETTLEMENTS (PER TRANSCRIPT)
1800.	+	VENDING MACHINE REVENUE
75.	+	CASH OVER (SHORT)
83441.	T	TOTAL CREDITS

At each month-end the journal is totalled and cross balanced to ensure that the total debits equal the total credits. The monthly totals are then posted to the General Ledger accounts as indicated by the account names and numbers (See Chart of Accounts–Full Service Motel) which are shown on the top of the columns.

Fig. 1-6

CASH RECEIPTS - SALES JOURNAL

	DATE	EXPLANATION	STATISTICS: Rooms Occ.	STATISTICS: No. of Guests	BANKS: Op. Acct. 101	BANKS: G. Cash 102	ACCT. RECEIV. 110	CASH OVER/SHORT 625	COMMISSIONS: Credit 630	COMMISSIONS: T.A. P-540	REVENUE: Rooms R-300	REVENUE: Food F-300	REVENUE: Beverage B-310	REVENUE: Telephone T-300	SALES TAX 251	ACCT. RECEIV. 110	OTHER: Detail	OTHER: Amount
1	JUNE 1																	
2	↑																	
3	to																	
4	↓																	
5	JUNE 4																	
6	JUNE 5	DAILY TRANSCRIPT	6	6	26395	32000	58346	1746			12500	44201		1746	765	57081	1394	14900
7	JUNE 5	TRANSFER			5900	(5900)												
8	JUNE 5	COMMISSION				(300)			300									
9	↑																	
10	to																	
11	↓																	
12	JUNE 30																	
13		TOTAL			86145	32000	233417	3000	30000		576000	327000		14900	45000	1133546	1394	14900
14																		
15																		
16																		
17																		
18																		
19																		
20																		
21																		
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27																		
28																		
29																		
30																		
31																		
32																		
33																		
34																		
35																		

Purchases and Cash Disbursements Fig. 1-7

Approval and Filing of Invoices

Disbursements should be made only on the basis of properly approved invoices. Invoice approval generally includes a verification of quality and quantity of goods and services delivered; verification of price charged; checking for correctness of extension and additions. Operations can use a simple stamp (see below) to document the approval process.

DATE REC'D _____
QUANTITY O.K. _____
QUALITY O.K. _____
PRICE O.K. _____
EXTENS. O.K. _____
APPR. FOR PAYM. _____

Approved invoices then should be filed by date when payment is due, preferably in harmonica folders. As a general rule, operators should pay an invoice at the time when it is most convenient for them, i.e., late enough to benefit from the credit extended but early enough to take advantage of any discount due to early payments.

At time of payment the invoices for each supplier should be totalled and stapled together with the adding machine tape and the cheque number and the date of payment should be noted thereon. Paid invoices are filed alphabetically, with separate files for major suppliers.

Preparation and Recording of Cheques

The preparation and recording of cheques involves entering the same information on the cheque, the cheque stub, the envelope and in the Cash Disbursement Journal. We recommend the use of a one-write cash disbursement system to avoid this duplication. Its components are:

1. Cheques with a carbon strip
2. Cash Disbursement Journal
3. Data Board
4. Window Envelopes

Cheques are placed above the journal on the data board and as each cheque is prepared the cheque number, payee, date and cheque amount is automatically entered in the Cash Disbursement Journal (Bank Operating Account Credit Column). Additional columns are provided for maintaining a running bank balance and for distributing (debiting) the cheque amounts to the various cost of sales and expense accounts.

The use of this system is illustrated by the following example of cheques prepared on June 30, 19--:

1. Big John's Bakery for food purchases	$150.00
2. Maritime Cleaning for cleaning supplies	75.00
3. Seaside Stationers for office supplies	25.00

At each month-end the journal is totalled and cross balanced to ensure that the total debits equal the total credits. The monthly totals are then posted to the General Ledger accounts as indicated by the account names and numbers (See Chart of Accounts–Full Service Motel), as noted on the top of the columns.

The entry for Big John's Bakery shows a total invoice amount of $155.00. However, Big John normally extends a cash discount for invoices paid within 30 days. Although the operation only pays $150.00 it still has received $155.00 worth of goods and the principle behind recording cash discounts is to expense the total original invoice amount without reference to discounts.

Note: Discounts reduced the invoice amount payable, not the expense incurred.

Monthly Journal Fig. 1-8

This journal is used to record all regular recurring month-end adjusting entries. The journal includes a debit and a credit column for each month of the year.

The use of this journal is illustrated with the following adjustments for the month of June, 19--.

1. To accrue property taxes for the month	$ 500.00
2. To record depreciation for the month	1,000.00
3. To set up food inventory at the end of month	200.00
4. To accrue June purchase and expense invoices not yet paid	1,250.00

It is not necessary to total the columns in the general journal as each entry is posted individually to the general ledger.

Payroll Journal

This journal is illustrated in a later section entitled "Payroll Accounting."

For purposes of this chapter which is involved with the accounting cycle for a full service motel, we are using the following payroll costs:

Rooms Department	R-500	$1,000.00
Food and Beverage Department	F-500	1,400.00
Total Disbursed	101	$2,400.00

General Journal Fig. 1-9

This journal is used to record all those adjustments or entries which are not regularly recurring and which are not handled in any of the other journals described before. The use of the general journal is illustrated with an entry to record the purchase of a motel property for $450,000. Each entry in the general journal is posted individually to the general ledger.

Fig. 1-7

PURCHASES/DISBURSEMENTS JOURNAL

CREDIT

DEBIT

DATE	VENDOR	REFERENCE	INVOICE AMOUNT DIRECT DISTRIB	DISCOUNT CR 1	CHEQUE AMOUNT DR 2	BALANCE	CR	PREVIOUS BALANCE	CR	BANK BALANCE	DEPOSITS DATE	DEPOSITS AMOUNT	FOOD F-400	BEVER. F-410	ROOMS DETAIL	ROOMS AMOUNT	FOOD DETAIL	BEVER. AMOUNT		ADMIN. DETAIL	ADMIN. AMOUNT	R.O.M. DETAIL	R.O.M. AMOUNT
JUNE 1 ↑ to ↓ JUNE 29																							
JUNE 30	BIG JOHN'S BAKERY	8550		5 00	450 00								455 00							6 70	25 00		
JUNE 30	MARITIME CLEANING	8551			75 00										R-530	75 00							
JUNE 30	SEASIDE STATIONERS	8552			25 00																		
	TOTAL			5 00	895 00								800 00			75 00					25 00		

PURCHASES DISBURSEMENTS JOURNAL

PROOF: 1**8-83814

☐ INVOICE REGISTER
☐ DISBURSEMENTS

THE SMART BUSINESS COMPANY
123 ANY STREET
YOUR TOWN, CANADA
A1A 1A1

DATE	INVOICE	AMOUNT
JUNE 5	9345	110 00
JUNE 20	0455	45 00

8550

PAY _____

DATE	TO THE ORDER OF	CHEQUE NO		DISCOUNT	CHEQUE AMOUNT
JUNE 30	BIG JOHN'S BAKERY	8550		5 00	450 00

THE SMART BUSINESS COMPANY

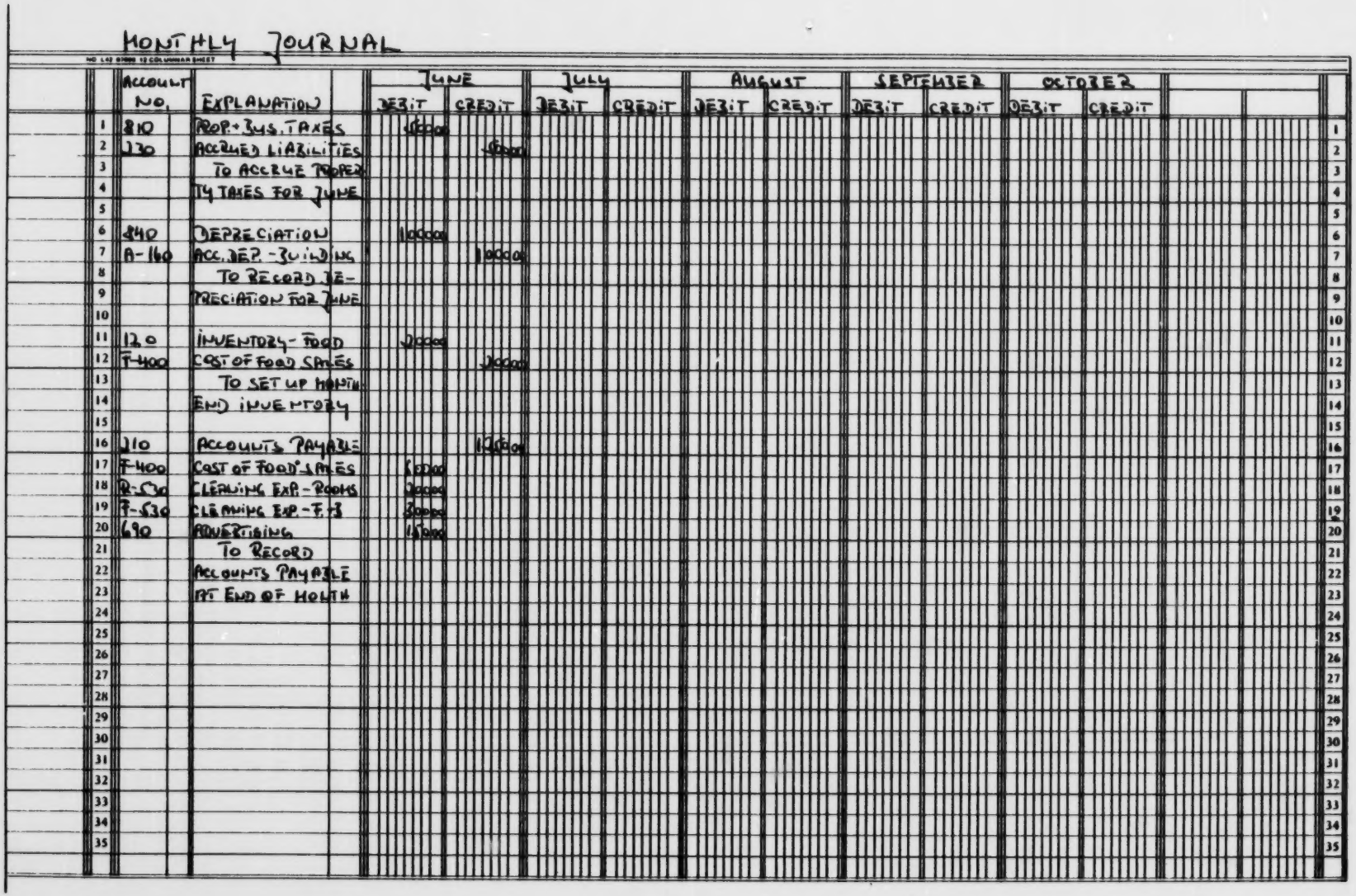
PER. _____

PER. SPECIMEN

YOUR BANK
YOUR TOWN CANADA

⑆12345-9990⑆ 678 9-87654⑈

Fig. 1-8



MONTHLY JOURNAL

	ACCOUNT NO.	EXPLANATION	JUNE DEBIT	JUNE CREDIT	JULY DEBIT	JULY CREDIT	AUGUST DEBIT	AUGUST CREDIT	SEPTEMBER DEBIT	SEPTEMBER CREDIT	OCTOBER DEBIT	OCTOBER CREDIT
1	810	PROP. & BUS. TAXES	6000									
2	230	ACCRUED LIABILITIES		6000								
3		TO ACCRUE PROPER										
4		TY TAXES FOR JUNE										
5												
6	840	DEPRECIATION	10000									
7	A-160	ACC. DEP. - BUILDING		10000								
8		TO RECORD DE-										
9		PRECIATION FOR JUNE										
10												
11	120	INVENTORY - FOOD	30000									
12	F-400	COST OF FOOD SALES		30000								
13		TO SET UP MONTH										
14		END INVENTORY										
15												
16	210	ACCOUNTS PAYABLE		16500								
17	F-400	COST OF FOOD SALES	8000									
18	R-530	CLEANING EXP. - ROOMS	3000									
19	F-530	CLEANING EXP. - F & B	3000									
20	690	ADVERTISING	1500									
21		TO RECORD										
22		ACCOUNTS PAYABLE										
23		AT END OF MONTH										
24												
25												
26												
27												
28												
29												
30												
31												
32												
33												
34												
35												

Fig. 1-9

GENERAL JOURNAL

DATE	EXPLANATION	Acct No	DEBIT	CREDIT
June 1	LAND	150	50000 00	
	BUILDING	160	100000 00	
	MORTGAGE PAYABLE	260		150000 00
	TO RECORD PURCHASE OF HOTEL PROPERTY			

General Ledger Fig. 1-10

As explained before, the general ledger is the total of all accounts used in the business. Entries into this account are made on the basis of the column totals of the journals explained before.

The physical set-up of the general ledger remains the choice of each operator. It is our suggestion to use one standard ledger sheet for each account. The ledger sheets should be bound together and arranged in sequence according to the chart of accounts, i.e., assets, liabilities, shareholders' equity, operating accounts.

After all entries have been posted and the General Ledger accounts added, a trial balance tape is taken to determine whether or not the ledger is in balance. See adding machine tape below:

```
                    0.    T

GENERAL LEDGER
  TRIAL BALANCE
    JUNE 30, 19__
                    0.    T

          5319.51     +
            32.00     +
           998.49     +
           200.00     +
         50000.00     +
        400000.00     +
          1000.00     -
          1250.00     -
           500.00     -
           450.00     -
        450000.00     -
          5760.00     -
          1000.00     +
           275.00     +
          3270.00     -
          1200.00     +
          1400.00     +
           300.00     +
           180.00     -
             5.00     -
            18.00     -
             3.00     +
            30.00     +
            25.00     +
           150.00     +
           500.00     +
          1000.00     +
            -0.00     0
            -0.00     T
```

After balancing the ledger, a Work Sheet can be prepared to assist in preparing the Financial Statements (Figures 1-12, 1-13). A Work Sheet is not essential, however, it is very helpful in determining whether or not additional adjustments are required and it illustrates clearly the relationship of the General Ledger to the financial statements. A Work Sheet, using the General Ledger accounts illustrated in the example, is shown in Figure 1-11.

General Ledger

Fig. 1-10

NAME BANK OPERATING ACCOUNT ACCOUNT NO. 101 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		CR	$61457	✓			DR	$61457	
JUNE 30		PJ			2400000		DR	622543	
JUNE 30		CD		✓	99500		DR	523043	

NAME BANK CARD ACCOUNT (MASTERCHARGE) ACCOUNT NO. 102 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		CR	3200				DR	3200	

NAME ACCOUNTS RECEIVABLE ACCOUNT NO. 110 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		CR	1233417	✓	1133568		DR	999849	

NAME INVENTORY - FOOD ACCOUNT NO. 120 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		MJ	20000	✓			DR	20000	

NAME LAND ACCOUNT NO. 150 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		GJ	5000000				DR	5000000	

NAME BUILDING ACCOUNT NO. 160 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		GJ	40000000				DR	40000000	

Fig. 1-10

NAME ACCUMULATED DEPRECIATION-BUILDING ACCOUNT NO. A-160 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		MJ		✓	100000		CR	100000	

NAME ACCOUNTS PAYABLE ACCOUNT NO. 210 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		MJ		✓	12500		CR	12500	

NAME ACCRUED LIABILITIES ACCOUNT NO. 230 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		MJ		✓	5000		CR	5000	

NAME SALES TAX COLLECTED ACCOUNT NO. 253 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		CR		✓	4500		CR	4500	

NAME MORTGAGE PAYABLE ACCOUNT NO. 260 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		GJ			450000000		CR	450000000	

NAME REVENUE - GUEST ROOMS ACCOUNT NO. R-300 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		CR			✓ 57600		CR	57600	

Fig. 1-10

NAME ROOMS-SALARIES AND WAGES ACCOUNT NO. R-500 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		PJ	100000				DR	100000	

NAME ROOMS-CLEANING SUPPLIES AND EXPENSES ACCOUNT NO. R-530 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		MJ	12000	✓			DR	12000	
JUNE 30		CD	7500				DR	27500	

NAME REVENUE - FOOD ACCOUNT NO. F-300 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		CR		✓	327000		CR	327000	

NAME COST OF FOOD SALES ACCOUNT NO. F-400 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		CD	90000	✓			DR	90000	
JUNE 30		MJ		✓	30000		DR	60000	
JUNE 30		MJ	60000	✓			DR	120000	

NAME FOOD + BEV. DEPT'MT. - SALARIES AND WAGES ACCOUNT NO. F-500 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		PJ	140000				DR	140000	

NAME FOOD + BEV. DEPT'MT. - CLEANING SUPPLIES AND EXPENSES ACCOUNT NO. F-530 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		MJ	30000				DR	30000	

Fig. 1-10

NAME REVENUE - TELEPHONE CALLS ACCOUNT NO. T-300 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	Dr. or Cr.	BALANCE	✓
JUNE 30		CR		✓	14000		CR	14000	

NAME CASH DISCOUNTS EARNED ACCOUNT NO. T-391 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	Dr. or Cr.	BALANCE	✓
JUNE 30		CD			500		CR	500	

NAME OTHER INCOME - VENDING MACHINES ACCOUNT NO. T-394 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	Dr. or Cr.	BALANCE	✓
JUNE 30		CR			1400		CR	1400	

NAME CASH OVER (SHORT) ACCOUNT NO. 625 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	Dr. or Cr.	BALANCE	✓
JUNE 30		CR	300				DR	300	

NAME CREDIT CARD COMMISSIONS ACCOUNT NO. 630 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	Dr. or Cr.	BALANCE	✓
JUNE 30		CR	3000				DR	3000	

NAME PRINTING, STATIONERY + POSTAGE ACCOUNT NO. 670 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	Dr. or Cr.	BALANCE	✓
JUNE 30		CD	1500				DR	1500	

Fig. 1–10

NAME ADVERTISING ACCOUNT NO. 690 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		MJ	15000	✓			DR.	15000	

NAME PROPERTY AND BUSINESS TAXES ACCOUNT NO. 810 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		MJ	50000				DR.	50000	

NAME DEPRECIATION ACCOUNT NO. 840 CARD NO.

ADDRESS TERMS CREDIT RATING

DATE	ITEMS	FOLIO	DEBITS	✓	CREDITS	✓	DR. OR CR.	BALANCE	✓
JUNE 30		MJ	100000	✓			DR.	100000	

Work Sheet June 30, 19___

Fig. 1-11

	No.	Account	Trial Balance Debit	Trial Balance Credit	Adjustments Debit	Adjustments Credit	Income and Exp. Debit	Income and Exp. Credit	Balance Sheet Debit	Balance Sheet Credit	
1	101	Bank Operating Acct.	$3,191.57						$3,191.57		1
2	102	Bank Card Acct.	30.00						30.00		2
3	110	Accounts Receiva.	994.14						994.14		3
4	120	Inventory-Food	2,000.00						2,000.00		4
5	150	Land	$60,000.00						$60,000.00		5
6	160	Building	400,000.00						400,000.00		6
7	A-160	Accum. Depre.-Building		100,000.00						100,000.00	7
8	210	Accounts Payable		49,560.00						49,560.00	8
9	220	Accrued Liabilities		$5,000.00						$5,000.00	9
10	230	Sales Tax Collected		4,460.00						4,460.00	10
11	260	Mortgage Payable		460,000.00						460,000.00	11
12	R-300	Revenue-Guest Rooms		$74,000.00				$74,000.00			12
13	F-500	Rooms-Salaries	100,000.00				100,000.00				13
14	R-510	Rooms-Cleaning	27,500.00				27,500.00				14
15	F-300	Food Sales		307,000.00				307,000.00			15
16	F-400	Cost of Food Sales	120,000.00				120,000.00				16
17	F-500	Food + Bev.-Salaries	140,000.00				140,000.00				17
18	F-520	Food + Bev.-Cleaning	3,000.00				3,000.00				18
19	T-300	Revenue-Telephone		19,000.00				19,000.00			19
20	T-391	Cash Discounts Earn.		$500.00				$500.00			20
21	T-394	Vending Machine		1,900.00				1,900.00			21
22	625	Cash Over-Short	300.00				300.00				22
23	630	Credit Card Comm.	3,000.00				3,000.00				23
24	670	Prtg. Stat. + Post.	4,500.00				4,500.00				24
25	690	Advertising	4,500.00				4,500.00				25
26	810	Prop. + Busin. Taxes	$15,000.00				$15,000.00				26
27	840	Depreciation	100,000.00				100,000.00				27
28											28
29			$1,400,000.00	$1,400,000.00	-0-	-0-	$1,000,000.00	$922,300.00	$477,150.00	$577,850.00	29
30		Income						$77,850.00		$77,850.00	30
31							$1,000,000.00	$1,000,000.00	$477,150.00	$477,150.00	31
32											32
33											33
34											34
35											35
36											36

Financial Statements

After all entries and final adjustments are posted, and the general ledger is balanced, the financial statements can be prepared. A balance sheet and statement of income using the balances in the General Ledger (and work sheet) are presented on the following pages.

Balance Sheet

Fig. 1–12

as at _____, 19 ____

ASSETS

CURRENT ASSETS	This Year	Last Year
Cash:		
Floats	$	$
Operating Account	5319.51	
Bank Card Account	32.00	
Payroll Account		
Marketable Securities		
Receivables:		
Guest Ledger	998.49	
City Ledger		
Other Receivables		
Allowance for Doubtful Accounts	( )	( )
Inventories	200.00	
Prepaid Expenses		
Other Current Assets		
Total Current Assets	6550.00	
INVESTMENTS AND ADVANCES		
PROPERTY AND EQUIPMENT		
Land	50,000.00	
Building	400,000.00	
Leasehold Improvements		
Furniture and Equipment		
	450,000.00	
Accumulated Depreciation	(1000.00)	( )
	449,000.00	
China, Glass, Silver, Linen Uniforms		
Total Property and Equipment	449,000.00	
OTHER ASSETS		
TOTAL ASSETS	$ 455,550.00	$

LIABILITIES

CURRENT LIABILITIES	This Year	Last Year
Bank Loans	$	$
Accounts Payable	1250.00	
Income Taxes Payable		
Accrued Liabilities:		
Salaries and Wages		
Interest		
Other	500.00	
Current Portion of long-term debt		
Other Current Liabilities	450.00	
Total Current Liabilities	2200.00	
LONG-TERM DEBT, Less current portion	450,000.00	
OTHER NON-CURRENT LIABILITIES		
DEFERRED INCOME TAXES		
Total Liabilities	452,200.00	
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
RETAINED EARNINGS	3350.00	
Total Shareholders' Equity	3350.00	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 455,550.00	$

Statement of Income

Fig. 1-13

_____ MONTHS ENDED _____ 19 ____

Year To Date Actual	Year To Date Budget		Current Month Actual	Current Month Budget
		REVENUES		
$ 5760.00	$	Rooms	$ 5760.00	$
3270.00		Food	3270.00	
		Beverage		
180.00		Telephone	180.00	
		Gift shop		
23.00		Other income	23.00	
9233.00		Total	9233.00	
		COST OF SALES		
1200.00		Food	1200.00	
		Beverage		
		Telephone		
		Gift shop		
1200.00		Total	1200.00	
		DEPARTMENTAL EXPENSES		
1275.00		Rooms	1275.00	
1700.00		Food and beverage	1700.00	
		Telephone		
		Gift shop		
2975.00		Total	2975.00	
5058.00		DEPARTMENTAL INCOME	5058.00	
		UNDISTRIBUTED OPERATING EXPENSES		
58.00		Administrative and general	58.00	
150.00		Marketing	150.00	
		Property operation and maintenance		
		Energy costs		
208.00		Total	208.00	
4850.00		INCOME BEFORE FIXED CHARGES	4850.00	
		Rent		
500.00		Property taxes	500.00	
		Insurance		
		Interest		
500.00		Total	500.00	
4350.00		INCOME BEFORE DEPRECIATION AND AMORTIZATION	4350.00	
1000.00		Depreciation	1000.00	
		Amortization		
1000.00		Total	1000.00	
$ 3350.00	$	INCOME BEFORE INCOME TAXES	$ 3350.00	$

Financial Statement Format

Financial statements are the consolidation of all entries made into the general ledger. It follows that all accounts used in the operation have to appear on the financial statements.

There are two principal financial statements: the Balance Sheet (which shows the company's financial position) and the Income Statement (which summarizes revenues and expenses). Supporting the Income Statement are Departmental Operating Statements, which are income statements for each operated department or cost centre.

The following Figures (1–14 to 1–21) show a sample financial statement set-up for a full service motel. Similar samples for rooms only motels and free standing restaurants are presented in the next two chapters.

The "Financial Management" section of this manual contains one chapter explaining the use of financial statements for management information purposes.

Balance Sheet

Fig. 1–14

as at _____, 19 ____

ASSETS

CURRENT ASSETS	This Year	Last Year
Cash:	$	$
Floats		
Operating Account		
Bank Card Account		
Payroll Account		
Marketable Securities		
Receivables:		
Guest Ledger		
City Ledger		
Other Receivables		
Allowance for Doubtful Accounts	( )	( )
Inventories		
Prepaid Expenses		
Other Current Assets		
Total Current Assets		
INVESTMENTS AND ADVANCES		
PROPERTY AND EQUIPMENT		
Land		
Building		
Leasehold Improvements		
Furniture and Equipment		
Accumulated Depreciation	( )	( )
China, Glass, Silver, Linen, Uniforms		
Total Property and Equipment		
OTHER ASSETS		
TOTAL ASSETS	$	$

LIABILITIES

CURRENT LIABILITIES	This Year	Last Year
Bank Loans	$	$
Accounts Payable		
Income Taxes Payable		
Accrued Liabilities:		
Salaries and Wages		
Interest		
Other		
Current Portion of long-term debt		
Other Current Liabilities		
Total Current Liabilities		
LONG-TERM DEBT, Less current portion		
OTHER NON-CURRENT LIABILITIES		
DEFERRED INCOME TAXES		
Total Liabilities		
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
RETAINED EARNINGS		
Total Shareholders' Equity		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	$

Statement of Income

Fig. 1-15

_____ **MONTHS ENDED** _____ **19** ____

Year To Date Actual	Year To Date Budget		Current Month Actual	Current Month Budget
		REVENUES		
$_____	$_____	Rooms	$_____	$_____
_____	_____	Food	_____	_____
_____	_____	Beverage	_____	_____
_____	_____	Telephone	_____	_____
_____	_____	Gift shop	_____	_____
_____	_____	Other income	_____	_____
_____	_____	Total	_____	_____
		COST OF SALES		
_____	_____	Food	_____	_____
_____	_____	Beverage	_____	_____
_____	_____	Telephone	_____	_____
_____	_____	Gift shop	_____	_____
_____	_____	Total	_____	_____
		DEPARTMENTAL EXPENSES		
_____	_____	Rooms	_____	_____
_____	_____	Food and beverage	_____	_____
_____	_____	Telephone	_____	_____
_____	_____	Gift shop	_____	_____
_____	_____	Total	_____	_____
_____	_____	DEPARTMENTAL INCOME	_____	_____
		UNDISTRIBUTED OPERATING EXPENSES		
_____	_____	Administrative and general	_____	_____
_____	_____	Marketing	_____	_____
_____	_____	Property operation and maintenance	_____	_____
_____	_____	Energy costs	_____	_____
_____	_____	Total	_____	_____
_____	_____	INCOME BEFORE FIXED CHARGES	_____	_____
_____	_____	Rent	_____	_____
_____	_____	Property taxes	_____	_____
_____	_____	Insurance	_____	_____
_____	_____	Interest	_____	_____
_____	_____	Total	_____	_____
_____	_____	INCOME BEFORE DEPRECIATION AND AMORTIZATION	_____	_____
_____	_____	Depreciation	_____	_____
_____	_____	Amortization	_____	_____
_____	_____	Total	_____	_____
$_____	$_____	INCOME BEFORE INCOME TAXES	$_____	$_____

Departmental Operating Statement
Rooms

Fig. 1-16

_____ MONTHS ENDED _____ 19____

Year To Date			Current Month	
Actual	**Budget**		**Actual**	**Budget**
		REVENUE		
$_____	$_____	Guest rooms	$_____	$_____
		DEPARTMENTAL EXPENSES		
_____	_____	Salaries and wages	_____	_____
_____	_____	Employee benefits	_____	_____
_____	_____	Cleaning supplies and expenses	_____	_____
_____	_____	Contract cleaning	_____	_____
_____	_____	Commissions—travel agents	_____	_____
_____	_____	Laundry and drycleaning	_____	_____
_____	_____	Linen, bedding supplies, uniforms	_____	_____
_____	_____	Other operating expenses	_____	_____
_____	_____	Paper, stationery, guest supplies	_____	_____
_____	_____	Total	_____	_____
$_____	$_____	DEPARTMENTAL INCOME	$_____	$_____
		STATISTICS		
_____	_____	Rooms available	_____	_____
_____	_____	Rooms sold	_____	_____
_____%	_____%	% occupancy	_____%	_____%
$_____	$_____	Average room rate	$_____	$_____

Departmental Operating Statement
Food and Beverage

Fig. 1-17

_____ MONTHS ENDED_____ 19 ____

Year To Date Actual	Year To Date Budget		Current Month Actual	Current Month Budget
		REVENUES		
$_____	$_____	Food	$_____	$_____
_____	_____	Beverage	_____	_____
_____	_____	Other	_____	_____
_____	_____	Total	_____	_____
		COST OF SALES		
_____	_____	Food	_____	_____
_____	_____	Beverage	_____	_____
_____	_____	Total	_____	_____
_____	_____	GROSS PROFIT	_____	_____
		DEPARTMENTAL EXPENSES		
_____	_____	Salaries and wages	_____	_____
_____	_____	Employee benefits	_____	_____
_____	_____	China, glass, silver, utensils	_____	_____
_____	_____	Cleaning supplies and expenses	_____	_____
_____	_____	Contract cleaning	_____	_____
_____	_____	Kitchen fuel	_____	_____
_____	_____	Laundry and drycleaning	_____	_____
_____	_____	Licenses	_____	_____
_____	_____	Linen uniforms	_____	_____
_____	_____	Other operating expenses	_____	_____
_____	_____	Paper stationery, guest supplies	_____	_____
_____	_____	Music and entertainment	_____	_____
_____	_____	Total	_____	_____
$_____	$_____	DEPARTMENTAL INCOME	$_____	$_____
		STATISTICS		
_____%	_____%	Food cost % of sales	_____%	_____%
_____%	_____%	Beverage cost % of sales	_____%	_____%
_____%	_____%	Salaries and wages % of sales	_____%	_____%
_____	_____	Food covers sold	_____	_____
$_____	$_____	Average food cover	$_____	$_____

Departmental Operating Statement
Telephone

Fig. 1-18

_____ MONTHS ENDED _____ 19____

Year To Date			Current Month	
Actual	**Budget**		**Actual**	**Budget**
		REVENUE		
$_____	$_____	Local and long distance calls	$_____	$_____
		COST OF CALLS		
_____	_____	Local and long distance	_____	_____
_____	_____	Equipment rental	_____	_____
_____	_____	Total	_____	_____
_____	_____	GROSS PROFIT	_____	_____
		DEPARTMENTAL EXPENSES		
_____	_____	Salaries and wages	_____	_____
_____	_____	Employee benefits	_____	_____
_____	_____	Other operating expenses	_____	_____
_____	_____	Printing and stationery	_____	_____
_____	_____	Total	_____	_____
$_____	$_____	LOSS ON CALLS THROUGH SWITCHBOARD	$_____	$_____

Departmental Operating Statement
Gift Shop

Fig. 1-19

_____ MONTHS ENDED _____ 19 ____

Year To Date Actual	Year To Date Budget		Current Month Actual	Current Month Budget
		REVENUE		
$_____	$_____	Gift shop sales	$_____	$_____
		COST OF SALES		
_____	_____	Gift shop	_____	_____
_____	_____	GROSS PROFIT	_____	_____
		DEPARTMENTAL EXPENSES		
_____	_____	Salaries and wages	_____	_____
_____	_____	Employee benefits	_____	_____
_____	_____	Other operating expenses	_____	_____
_____	_____	Total	_____	_____
$_____	$_____	DEPARTMENTAL INCOME	$_____	$_____

Other Income

$_____	$_____	Cash discounts earned	$_____	$_____
_____	_____	Concessions and store rentals	_____	_____
_____	_____	Interest income	_____	_____
_____	_____	Vending machines	_____	_____
$_____	$_____	Total	$_____	$_____

Administrative and General Expenses

Fig. 1-20

_____ MONTHS ENDED _____ 19 ____

Year To Date			Current Month	
Actual	**Budget**		**Actual**	**Budget**
$_____	$_____	Salaries and wages	$_____	$_____
_____	_____	Employee benefits	_____	_____
_____	_____	Bank charges and exchange	_____	_____
_____	_____	Cash over/short	_____	_____
_____	_____	Credit card commissions	_____	_____
_____	_____	Credit and collection charges	_____	_____
_____	_____	Donations	_____	_____
_____	_____	Dues and subscriptions	_____	_____
_____	_____	Insurance general	_____	_____
_____	_____	Printing stationery and postage	_____	_____
_____	_____	Professional fees	_____	_____
_____	_____	Provision for doubtful accounts	_____	_____
_____	_____	Travel	_____	_____
_____	_____	Miscellaneous	_____	_____
$_____	$_____	Total	$_____	$_____

Marketing

$_____	$_____	Advertising	$_____	$_____
_____	_____	Other selling and promotion expenses	_____	_____
$_____	$_____	Total	$_____	$_____

Property Operation Maintenance and Energy Costs

Fig. 1-21

_____ MONTHS ENDED _____ 19 ____

Year To Date			Current Month	
Actual	Budget1		Actual	Budget
		PROPERTY OPERATION AND MAINTENANCE		
$_____	$_____	Salaries and wages	$_____	$_____
_____	_____	Employee benefits	_____	_____
_____	_____	Building and furniture	_____	_____
_____	_____	Electrical and mechanical equipment	_____	_____
_____	_____	Grounds	_____	_____
_____	_____	Snow and waste removal	_____	_____
_____	_____	Supplies	_____	_____
_____	_____	Miscellaneous	_____	_____
$_____	$_____	Total	$_____	$_____
		ENERGY COSTS		
$_____	$_____	Electricity	$_____	$_____
_____	_____	Fuel	_____	_____
_____	_____	Water	_____	_____
$_____	$_____	Total	$_____	$_____

Notes

Accounting System–Rooms Only

For those operators with a rooms only motel or for those with rooms and limited food (i.e. light breakfasts only) or perhaps some small recreation facility, a much simplified system of accounts is presented on the following pages. These accounts were drawn from those presented in the full service motel section and are fully compatible with that chart of accounts and the large and complex Uniform System of Accounts for Hotels which is internationally recognized and employed by all of the world's major hotel chains. This system uses the same forms as the full service motel but does not use quite so many so often. This full integration does mean however that you may accommodate food facilities, food and beverage facilities, recreation and/or any of the various operated departments found in larger facilities, by allowing the basic rooms only system to grow.

Front Office

We will employ the same one-write system used by the motel in the preceding section. The examples included in the section are more complex in total than your situation but provide a range of transactions some of which will be useful to you. Use the ones which apply to your operation. You can ignore the others without disrupting the information flow.

Cash Receipts/Sales Journal

Examine the sample shown in the section for a full service motel, eliminate the columns which do not apply to your operation and carry on.

Purchases and Cash Disbursements

The one-write system demonstrated in the full service section will handle all of your requirements and can be easily adapted to your operation by eliminating the columns dealing with costs and profit centers which are not in your system of accounts. If you feel that the number of disbursements which occur in your operation will not justify the use of a one-write system, the journal is easily duplicated in a columnar book, only now you must prepare the cheque, the stub and write up the journal separately.

Payroll

You may or may not have full time employees in your establishment, depending on the amount of time you and your family devote to the operation. The payroll module is easily introduced into the system, if required, and is explained in a separate chapter.

General Journal, Monthly Journal and General Ledger

Your operation will use the same journal formats illustrated in the full service section. Your general ledger will contain the simplified chart of accounts presented on the next pages, and you may prepare your financial statements in the simplified format which is shown in Figures 1–22, 1–23.

Chart of Accounts–Rooms Only Motel

Asset and Liability Accounts are the same as shown previously for a Fullservice Motel.

Revenues	Account Number
Guest Rooms	300
Telephone	310
Other Income	
Sundry Sales (net)	390
Interest Income	393
Vending Machines (net)	394
Payroll	
Salaries and Wages	500
Employee Benefits	519
Direct Operating Expenses	
Cleaning Supplies and Expenses	530
Contract Cleaning	531
Commissions	540
Laundry and Drycleaning	550
Linen, Bedding Supplies and Uniforms	553
Other Operating Expenses	555
Paper, Stationery and Guest Supplies	560
Administrative and General Expenses	
Bank Charges and Exchange	620
Cash Over/Short	625
Credit Card Commissions	630
Credit and Collection Charges	632
Donations	635
Dues and Subscriptions	637
Insurance–General	650
Printing, Stationery and Postage	670
Professional Fees	672
Provision for Doubtful Accounts	675
Telephone	680
Travel	682
Miscellaneous	684

Marketing	Account Number
Advertising	690
Other Selling and Promotion Expenses	691
Property Operation, Maintenance and Energy Costs	
Property Operation and Maintenance	
Building and Furniture	720
General Electrical and Mechanical Equipment	722
Grounds	724
Snow and Waste Removal	777
Supplies	778
Miscellaneous	784
Energy Costs	
Electricity	790
Fuel	792
Water	794

Rent, Property Taxes and Insurance	Account Number
Rent–Building	800
Rent–Equipment and Furniture	801
Property and Business Taxes	810
Insurance–Building and Contents	820
Interest Expense	
Long-Term Debt	830
Other	831
Depreciation and Amortization	
Depreciation	840
Amortization–Leasehold Improvements	850
Gain or Loss on Sale of Property	860
Income Taxes	870

Balance Sheet

Fig. 1 – 22

as at _____, 19 ____

ASSETS

CURRENT ASSETS	This Year	Last Year
Cash:	$	$
Floats		
Operating Account		
Bank Card Account		
Payroll Account		
Marketable Securities		
Receivables:		
Guest Ledger		
City Ledger		
Other Receivables		
Allowance for Doubtful Accounts	( )	( )
Inventories		
Prepaid Expenses		
Other Current Assets		
Total Current Assets		
INVESTMENTS AND ADVANCES		
PROPERTY AND EQUIPMENT		
Land		
Building		
Leasehold Improvements		
Furniture and Equipment		
Accumulated Depreciation	( )	( )
China, Glass, Silver, Linen, Uniforms		
Total Property and Equipment		
OTHER ASSETS		
TOTAL ASSETS	$	$

LIABILITIES

CURRENT LIABILITIES	This Year	Last Year
Bank Loans	$	$
Accounts Payable		
Income Taxes Payable		
Accrued Liabilities:		
Salaries and Wages		
Interest		
Other		
Current Portion of long-term debt		
Other Current Liabilities		
Total Current Liabilities		
LONG-TERM DEBT, Less current portion		
OTHER NON-CURRENT LIABILITIES		
DEFERRED INCOME TAXES		
Total Liabilities		
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
RETAINED EARNINGS		
Total Shareholders' Equity		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	$

Statement of Income

Fig. 1-23

_____ MONTHS ENDED _____ 19 ____

Year to Date			Current Month	
Actual	**Budget**		**Actual**	**Budget**
		REVENUES		
$_____	$_____	Guest rooms	$_____	$_____
_____	_____	Telephone	_____	_____
_____	_____	Other income	_____	_____
_____	_____	Total	_____	_____
		CONTROLLABLE EXPENSES		
_____	_____	Salaries and wages	_____	_____
_____	_____	Employee benefits	_____	_____
_____	_____	Direct operating expenses	_____	_____
_____	_____	Administrative and general	_____	_____
_____	_____	Marketing	_____	_____
_____	_____	Property operation and maintenance	_____	_____
_____	_____	Energy costs	_____	_____
_____	_____	Total	_____	_____
_____	_____	INCOME BEFORE FIXED CHARGES	_____	_____
_____	_____	Rent	_____	_____
_____	_____	Property Taxes	_____	_____
_____	_____	Insurance	_____	_____
_____	_____	Interest	_____	_____
_____	_____	Total	_____	_____
		INCOME BEFORE DEPRECIATION AND AMORTIZATION		
_____	_____	Depreciation	_____	_____
_____	_____	Amortization	_____	_____
_____	_____	Total	_____	_____
_____	_____	Total	_____	_____
$_____	$_____	INCOME BEFORE INCOME TAXES	$_____	$_____
		STATISTICS		
_____	_____	Rooms available	_____	_____
_____	_____	Rooms sold	_____	_____
_____%	_____%	% occupancy	_____%	_____%
$_____	$_____	Average room rate	$_____	$_____

Accounting System– Free Standing Restaurant

The "Uniform System of Accounts for Hotels" makes extensive provisions for the operation of a food and beverage department. In response to the requests from operators of free standing food service facilities, these provisions were modified and streamlined and then called "Uniform System of Accounts for Restaurants." Food service facility operators therefore can refer to the accounting process outlined previously and, with minor adjustments, they can develop their own accounting system.

In order to guide the food service operator in setting up his system we have developed a Chart of Accounts, applicable to both licensed and unlicensed facilities. In selecting those accounts required for the individual operation, the general ledger can be set up.

Source documents for the entry into the journals are guest checks, invoices, time records, cheques written and bank deposit slips.

Restaurants do not perform a night audit; the source for entries into the sales journal usually is a cash report which is compared to a cash register tape, or a running tape of guest checks in operations without cash register.

Since very few restaurants extend personal credit to customers, the sales journal can be combined with the cash receipts journal (Figure 1–24). In cases where individuals are allowed to sign checks in order to be billed later, the simple addition of another debit and credit column called "accounts receivable" will handle this occurrence. The system used for paying and recording of invoices (disbursements) is the same as in the hotel section, modified according to the Chart of Accounts (Figure 1–25).

The payroll accounting system as discussed in the following chapter can be used by free standing restaurants as well as hotels and motels. The use of both the monthly and general journal is the same in restaurants as in hotels. Food service facilities should follow the procedure for transferring entries from the journals to the general ledger, preparing a trial balance, balance sheet and income statement, (Figures 1–26, 1–27) as explained in the principles of hospitality industry accounting.

It is evident that food service facility accounting is not materially different from hotel and motel accounting. This is because the operating concepts of the two are so similar; consequently, the identification of revenues and expenses in the accounting system is similar as well.

The principal difference between an accommodation and a food service facility is that the latter is both a service and production facility. The inventories of consumable goods; the correct establishing of sales prices; the control of revenues at the point of sales, require special attention and knowledge which is explained in the "Financial Management" section of this manual.

Chart of Accounts– Restaurant

Asset and Liability accounts are the same as shown previously for a full service Motel.

Revenues	**Account Number**
Food	300
Beverage	
Liquor	310
Beer	311
Wine	312
Other	313
Other Income	390
Cost of Sales	
Cost of Food Sales	400
Cost of Beverage Sales	410
Payroll	
Salaries and Wages	
Service	500
Preparation	502
Administrative	513
Employee Benefits	519
Direct Operating Expenses	
China, Glass, Silver, Utensils	520
Cleaning Supplies and Expenses	530
Contract Cleaning	531
Kitchen Fuel	545
Laundry and Drycleaning	550
Licenses	552
Linen, Uniforms	553
Other Operating Expenses	555
Paper, Stationery and Guest Supplies	560
Music and Entertainment	565

Administrative and General	Acct. No.
Bank Charges and Exchange	620
Cash Over/Short	625
Credit Card Commissions	630
Credit and Collection Charges	632
Donations	635
Dues and Subscriptions	637
Insurance–General	650
Printing, Stationery and Postage	670
Professional Fees	672
Provision for Doubtful Accounts	675
Telephone	680
Travel	682
Miscellaneous	684
Marketing	690
Property Operation, Maintenance and Energy Costs	
Property Operation and Maintenance	
General Maintenance and Upkeep	743
Snow and Waste Removal	777
Supplies	778
Miscellaneous	784
Energy Costs	
Electricity	790
Fuel	792
Water	794

Rent, Property Taxes and Insurance	Acct. No.
Rent–Building	800
Rent–Equipment and Furniture	801
Property and Business Taxes	810
Insurance–Building and Contents	820
Interest Expense	
Long-Term Debt	830
Other	831
Depreciation and Amortization	
Depreciation	840
Amortization–Leasehold Improvements	850
Gain or Loss on Sale of Property	860
Income Taxes	870

Fig. 1-24

CASH RECEIPTS- SALES JOURNAL

	DATE	EXPLANATION		BANKS OPERAT. 101	BANKS PAYROLL 102	ACCT. RECEIV. 110	CASH OVER/SHT. 625	CREDIT CARD CONTR. 630		REVENUES FOOD 300	REVENUES LIQUOR 310	REVENUES BEER 311	REVENUES WINE 312	OTHER REV. 313	SALES TAX 253	OTHER DETAIL	OTHER AMOUNT			
1																				1
2																				2
3																				3
4																				4
5																				5
6																				6
7																				7
8																				8
9																				9
10																				10
11																				11
12																				12
13																				13
14																				14
15																				15
16																				16
17																				17
18																				18
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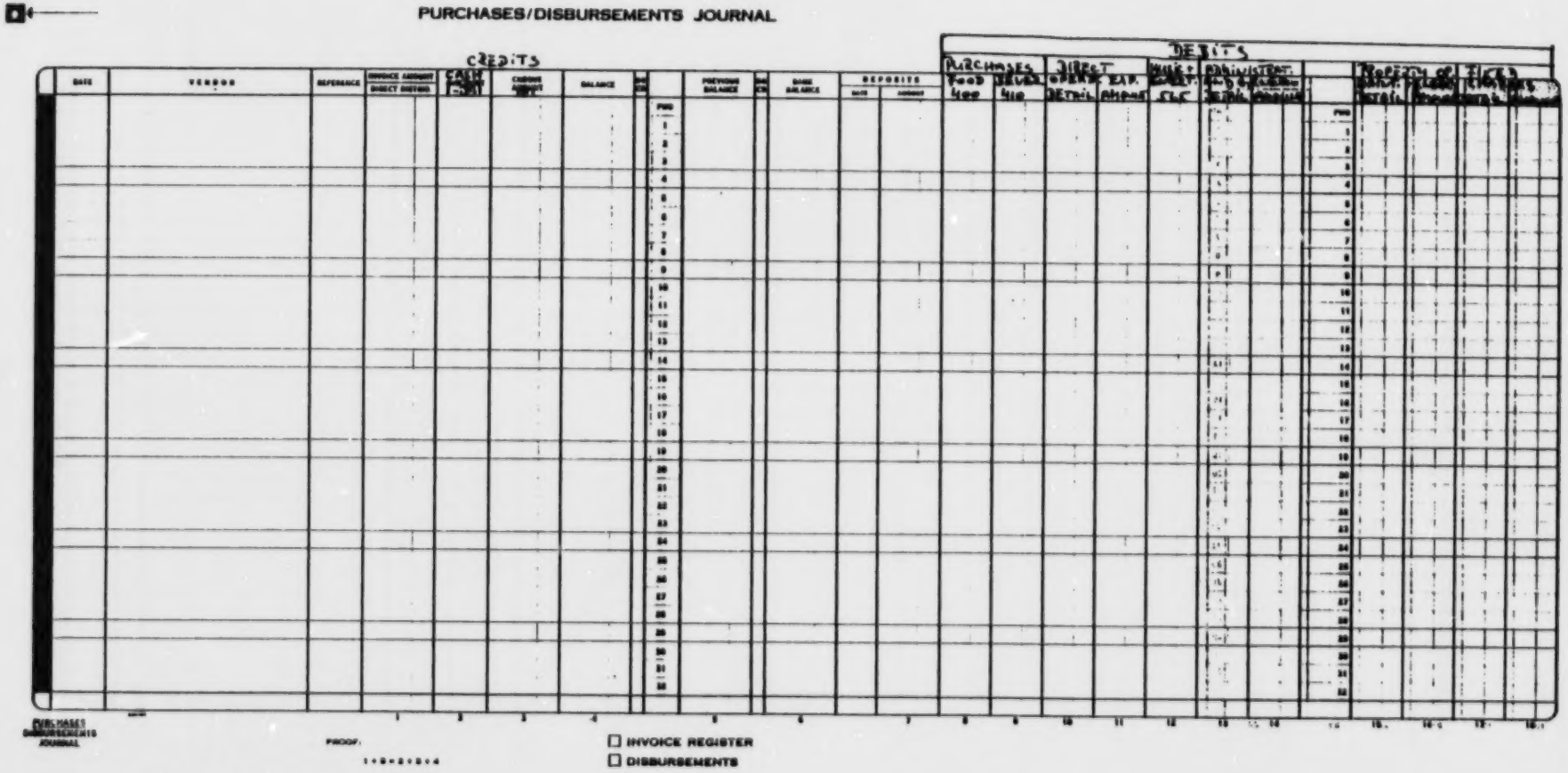
27																				27
28																				28
29																				29
30																				30
31																				31
32																				32
33																				33
34																				34
35																				35

Fig. 1-25


PURCHASES/DISBURSEMENTS JOURNAL
CREDITS
DEBITS
DATE
VENDOR
REFERENCE
CASH
BALANCE
PREVIOUS BALANCE
BANK BALANCE
DEPOSITS
PURCHASES
Food
Beer
DIRECT
ADMINISTRATIVE
PROOF:
INVOICE REGISTER
DISBURSEMENTS

Balance Sheet

Fig. 1-26

as at _____, 19 ____

ASSETS

CURRENT ASSETS	This Year	Last Year
Cash:	$	$
Floats		
Operating Account		
Bank Card Account		
Payroll Account		
Marketable Securities		
Receivables:		
Guest Ledger		
City Ledger		
Other Receivables		
Allowance for Doubtful Accounts	( )	( )
Inventories		
Prepaid Expenses		
Other Current Assets		
Total Current Assets		
INVESTMENTS AND ADVANCES		
PROPERTY AND EQUIPMENT		
Land		
Building		
Leasehold Improvements		
Furniture and Equipment		
Accumulated Depreciation	( )	( )
China, Glass, Silver, Linen, Uniforms		
Total Property and Equipment		
OTHER ASSETS		
TOTAL ASSETS	$	$

LIABILITIES

CURRENT LIABILITIES	This Year	Last Year
Bank Loans	$	$
Accounts Payable		
Income Taxes Payable		
Accrued Liabilities:		
Salaries and Wages		
Interest		
Other		
Current Portion of long-term debt		
Other Current Liabilities		
Total Current Liabilities		
LONG-TERM DEBT, Less current portion		
OTHER NON-CURRENT LIABILITIES		
DEFERRED INCOME TAXES		
Total Liabilities		
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
RETAINED EARNINGS		
Total Shareholders' Equity		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	$

Statement of Income

Fig. 1-27

____ MONTHS ENDED _____ 19 ____

Year To Date Actual	Year To Date Budget		Current Month Actual	Current Month Budget
		REVENUES		
$_____	$_____	Food	$_____	$_____
_____	_____	Beverage	_____	_____
_____	_____	Other income	_____	_____
_____	_____	Total	_____	_____
		COST OF SALES		
_____	_____	Food	_____	_____
_____	_____	Beverage	_____	_____
_____	_____	Total	_____	_____
_____	_____	GROSS PROFIT	_____	_____
		CONTROLLABLE EXPENSES		
_____	_____	Salaries and wages	_____	_____
_____	_____	Employee benefits	_____	_____
_____	_____	Direct operating expenses	_____	_____
_____	_____	Music and entertainment	_____	_____
_____	_____	Administrative and general	_____	_____
_____	_____	Property operation and maintenance	_____	_____
_____	_____	Energy costs	_____	_____
_____	_____	Total	_____	_____
_____	_____	INCOME BEFORE FIXED CHARGES	_____	_____
_____	_____	Rent	_____	_____
_____	_____	Property taxes	_____	_____
_____	_____	Insurance	_____	_____
_____	_____	Interest	_____	_____
_____	_____	Total	_____	_____
_____	_____	INCOME BEFORE DEPRECIATION AND AMORTIZATION	_____	_____
_____	_____	Depreciation	_____	_____
_____	_____	Amortization	_____	_____
_____	_____	Total	_____	_____
$_____	$_____	INCOME BEFORE INCOME TAXES	$_____	$_____
_____	_____		_____	_____
		STATISTICS		
_____%	_____%	Food cost % of sales	_____%	_____%
_____%	_____%	Beverage cost % of sales	_____%	_____%
_____%	_____%	Salaries and wages % of sales	_____%	_____%
_____	_____	Food covers sold	_____	_____
$_____	$_____	Average food cover	$_____	$_____

Notes

Notes

Payroll Accounting

Perhaps the most time consuming and confusing area for most hospitality operators is the location, hiring, training, supervision and termination of employees. This section of the manual is intended to simplify and reduce the amount of time spent on keeping those records which each employer is required to keep by law.

In addition to providing more concise management information, a well organized payroll system simplifies the often time consuming government reporting requirements.

Every employer is required to meet the regulations of several federal and provincial acts, ranging from Income Tax to Workmen's Compensation. A flow chart of the payroll accounting process is shown in Fig. 1–28. Payroll records must begin at the time of hiring of an employee and it is recommended that records start with a job interview. In other words, the personal data which is supplied on the personal history form (Figure 1–29) should be filed in a personnel folder if the interviewee is hired; filed for "future reference" or filed as "not satisfactory" if the information obtained results in this conclusion.

Immediately upon hiring, the new employee should fill out Form TD-1. The Federal Income Tax regulations require that a TD-1 form is maintained on file for all employees who are claiming income tax exemptions other than the basic amount. Since this form contains other useful information, such as the employee's Social Insurance Number, address, birth date, etc., it ensures that all of the information to meet the most basic requirements will be readily available.

If the employee is paid on an hourly basis, a form to record the hours worked each day is required. This record will form the basis for the preparation of weekly payrolls. Two forms have been illustrated: a weekly payroll schedule (Figure 1–30) and a time record (Figure 1–31). Time records are normally associated with mechanized time clocks, which are highly recommended in facilities with a large staff where it is not possible to supervise the shift changes closely. Time sheets are convenient for recording time worked in small operations and also for communicating to staff members exactly which hours they are scheduled for in the upcoming period. Time sheets are normally maintained in a non-public area of the facility where staff members can record hours worked and also refer to the record for shift purposes.

The time records are submitted to the person responsible for the actual preparation of cheques (or pay envelopes) and the maintenance of the payroll records. Time records are sorted according to salaried and hourly paid employees, since the payroll preparation for salaried employees frequently does not involve overtime and is usually the same from payroll period to payroll period.

In order to facilitate and speed up the preparation of the Payroll Earnings Record (Figures 1–32 to 1–35), the Payroll Journal and the Pay Cheque (Figure 1–36), the use of a one-write system is recommended. There are many payroll one-write systems readily available in office supply stores. It is recommended that the set-up chosen should have a board which also can be used for the one-write set-ups recommended for the disbursement journal described in previous chapters.

The preparation of payroll is a logical step-by-step approach as follows:

(1) transcribe the hours worked from the time sheets onto columns 1 and 2 of the earnings record. In Nova Scotia hours in excess of 48 are considered to be overtime and *must* be paid at time and a half.

(2) the regular hours are paid by the normal rate of pay and the totals are inserted in column 3. Overtime hours are extended by the rate of pay multiplied by 1.5 and recorded in column 4.

(3) other items such as gratuities are recorded in column 5. Column 5 may also be used for recording bonuses, vacation pay, or other taxable earnings which occur infrequently.

(4) Column 6 (gross pay) is a total of the dollar amounts recorded in Columns 3, 4, and 5.

(5) If the employee is subject to Canada Pension Plan deductions (that is at least 18 but less than 70 years of age during the month to which the pay relates), Column 8 is checked to ensure that the maximum Canada Pension Plan deduction required for this year has not already been made. If it has not yet been made, the federal publication "Canada Pension Plan Contribution and Unemployment Insurance Premium Tables" is used to compute the appropriate deductions, based on gross pay for the pay period in question and the deduction is recorded in Column 7. If the deduction for this pay period, added to the previous deductions, exceeds the maximum required, it is reduced to that amount which will bring the total deduction for the year-to-date equal to the maximum as required per Canada Pension Plan.

(6) It now must be determined whether or not the employee is subject to an unemployment insurance premium deduction. As a rule, if the employee has earned more than $48.00 during a regular work week, or such lesser amount as may apply if the pay period is shorter, reference to the "Canada Pension Plan Contribution and Unemployment Insurance Premium Tables" will indicate the appropriate deduction. The amount of this deduction is entered in column 9 and the insurable earnings on which the deduction is based are entered in Column 17. The number of weeks of insured earnings is entered in Column 18, as well as cumulative insured weeks.

(7) The dollar totals recorded in Column 7 and 9 are deducted from the gross pay (Column 6) in order to determine the taxable pay. The publication "Income Tax Deductions At Source" for the Province of Nova Scotia is used to determine the correct income tax deduction. The income tax deduction is entered in Column 10.

(8) Other deductions, such as payments for Canada Savings Bonds, Group Insurance or Blue Cross, are determined from the appropriate tables and documents, and are entered in columns 11 through 14, if applicable.

(9) The total dollar amount shown in columns 7 through 14, subtracted from the gross pay (Column 6), is the net pay due to the employee and is entered in Column 15.

This completes the entries into the Earnings Record as well as those on the top portion of the payroll cheque. The calculations are also copied simultaneously on the left part of the payroll journal. However, the journal preparation is not yet complete. The right hand portion of the journal (that portion not covered by the one-write copies) is used to distribute the payroll to its appropriate cost centres (departmental expenses).

Most employees will be charged entirely to one department in accordance with the chart of accounts and the expense dictionary. Occasionally, an employee works in more than one department and the gross pay must be allocated between these areas to ensure that the payroll costs for each profit centre has been recorded as accurately as possible. If, for instance, Jack Stacey works his normal 40 hours in the kitchen, and then works an additional 12 hours in the office because the bookkeeper was sick, Jack would be paid his regular rate for 48 hours and overtime for 4 hours. If his normal pay rate is $3.00 per hour, this would amount to $144.00 regular time and $18.00 overtime for a gross pay of $162.00. However, in distributing this payroll cost, 40 hours at $3.00 should be charged to the Food Department (preparation) and 8 hours at $3.00 and 4 hours at $4.50 (overtime) should be charged to Administrative and General Expenses.

If an employee leaves or is terminated his outstanding pay must be calculated in the same manner as regular pay. In addition, vacation pay, calculated at 4 per cent of the employee's gross earnings since the last vacation or last vacation pay, must be added.

The preparation of payroll is complete once the employer's contribution to the Canada Pension Plan and the Unemployment Insurance has been prepared. The employer's contribution to the Canada Pension Plan is equal to that of the employee's contribution; to U.I.C. it is 1.4 times that of the employee. The employer's contribution is recorded in columns 7 and 9, with the explanation "Company Share" recorded on the same line in column 24. The total of the "Company Share" contribution is recorded in column 33 under the heading "employee benefits" (account 519).

General Ledger Postings

The entries into the payroll journal form the basis for entries onto the general ledger. The distribution is as follows:

Totals of Columns	To Account Number
7, 9, 10	250 (credit)
12 to 14	251 (credit)
15	101 (credit)
21 through 23	500 (debit)
33	519 (debit)

As always, the total debits must equal the total credits.

Example

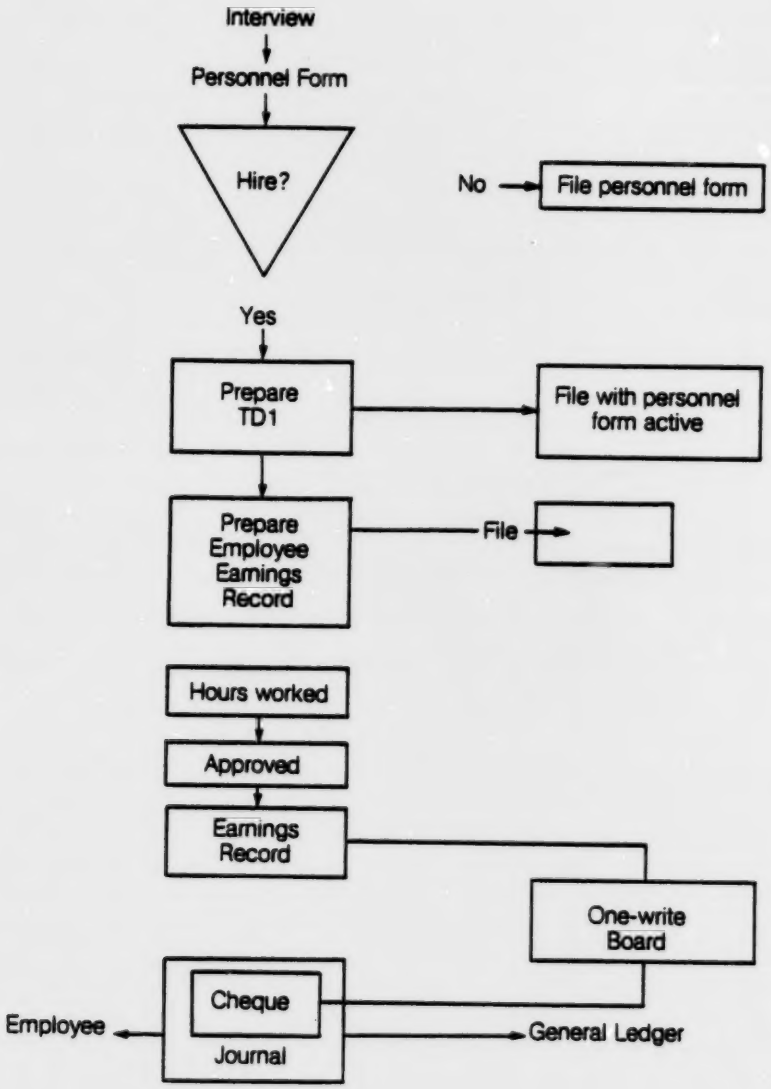
Example: The example shown follows the payroll preparation methodology explained before. The payroll records of the four employees and their TD-1's show the following information.

Name	Rate	TD-1 Information
Jack Stacey	$3.00 per hour	Total exemptions $2,975.00; age 28; code 3
Fred Freedom	Student $2.50 per hour	TD-1 claims earnings are not taxable; age 17; code 0
Suzy Stencil	Student $2.75 per hour	TD-1 claims student exemption; age 18; code 0
Joan Waitress	$2.75 per hour	TD-1 claims single person; age 24; code 1

The earnings records for all these employees, the payroll journal and Jack Stacey's payroll cheque are documented in Figures 1–32 to 1–36.

Flow Chart of Payroll Accounting Process

Fig. 1-28



Personal History

Fig. 1-29

Location _____ Inn ☐ Restaurant ☐ (CHECK ONE)

Name _____ (LAST) (FIRST) (MIDDLE INITIAL)

Address: Street _____

City _____ Province _____ Phone _____

Date of Birth _____ Sex _____

Marital Status: (CHECK ONE) 0. Single _____ 1. Married _____ 2. Separated _____

3. Divorced _____ 4. Widowed _____ 5. Single but Head of Household _____

Call in Emergency _____

Address: Street _____

City _____ Province _____ Phone _____

Hired By: _____

1. NEW EMPLOYEE ☐ REHIRE ☐ (CHECK ONE)

JOB CLASSIFICATION

_____

3. NUMBER OF DEPENDENTS

(including Employee) _____

4. SOCIAL INSURANCE NUMBER

_____

5. DATE OF FIRST WORK DAY

Mo. Day Year

6. RATE OF PAY: ☐ Hrly. ☐ Sal.

_____

Reason for Termination: 1. Wages _____ 2. Working Conditions _____ 3. Personal _____ 4. Health _____ 5. Opportunity Elsewhere _____ 6. Unsatisfactory Work _____ 7. Company Rules _____ 8. Other _____

Date of Termination _____ Explain Reason Fully _____ (Use back if necessary)

Weekly Payroll Schedule

Fig. 1-30

WEEKLY SCHEDULE

FOR WEEK ENDING _____

POSITIONS: / NAMES OF STAFF:	SUNDAY SCHED. HRS	MONDAY SCHED. HRS	TUESDAY SCHED. HRS	WEDNESDAY SCHED. HRS	THURSDAY SCHED. HRS	FRIDAY SCHED. HRS	SATURDAY SCHED. HRS	WEEKLY TOTAL HOURS
JOHN - STEWARD	OFF -	6A-3P 8	6A-3P 8	6A-3P 8	6A-3P 8	6A-3P 8	7A-4P 8	48
BILL - AM COOK	6A-5P 10	6A-3P 8	6A-3P 8	5A-3P 9	6A-3P 8	6A-3P 8	OFF -	51
FRANK - PM COOK	1P-11P 10	3P-11P 8	3P-12P 9	3P-11P 8	OFF -	3P-11P 8	2P-11P 9	52
TIM - EXTRA COOK	4P-8P 4	OFF -	OFF -	OFF -	OFF -	OFF -	3P-6P 3	7
SUB-TOTAL HOURS								158
BUD - COOK'S HELPER	7A-4P 8	7A-4P 8	OFF -	7A-4P 8	7A-4P 8	9A-6P 8	7A-4P 8	48
KEN - COOK'S HELPER	OFF -	3P-11P 8	7A-4P 8	6A-3P 8	3P-11P 8	OFF -	OFF -	32
SUB-TOTAL HOURS								80
ELAINE - PANTRY	5A-3P 9	6A-3P 8	6A-3P 8	OFF -	5A-3P 9	6A-3P 8	6A-3P 8	50
RUTH - PANTRY	1P-11P 10	OFF -	OFF -	3P-11P 8	3P-11P 8	3P-11P 8	2P-11P 9	43
SUB-TOTAL HOURS								93
JESS - WAREWASHER	6A-4P 10	7A-4P 8	7A-4P 8	7A-4P 8	7A-4P 8	7A-4P 8	OFF -	50
BOB - WAREWASHER	2P-11P 9	3P-11P 8	3P-11P 8	3P-11P 8	OFF -	3P-11P 8	3P-12P 9	50
DAVE - WAREWASHER	8A-5P 8	OFF -	OFF -	OFF -	3P-11P 8	OFF -	7A-4P 8	24
OTTO - POTWASHER	OFF -	8A-5P 8	8A-5P 8	10A-7P 8	8A-5P 8	8A-5P 8	OFF -	40
TOM - NIGHT CLEANER	11P-8A 8	11P-8A 8	OFF -	OFF -	11P-8A 8	11P-8A 8	11P-8A 8	40
SUB-TOTAL HOURS								204
WEEKLY TOTAL HOURS								

Time Record

Fig. 1-31

NAME _____ LOCATION _____

ADDRESS _____ POSTAL CODE _____ PHONE NO. _____

PAY PERIOD FROM: _____ TO: _____

DATE MO.	DATE DAY		IN	OUT	LESS	TOTAL HOURS	EMPLOY. INITIAL	SPVR. INITIAL
		M						
		T						
		W						
		T						
		F						
		S						
		S						
	TOTAL							
		M						
		T						
		W						
		T						
		F						
		S						
		S						
	TOTAL							

	RATE	HOURS	EARNINGS
OTHER	$		$
REGULAR	$		$
OVERTIME (REG./STAT. HOL.)	$		$
SUB TOTAL			$
HOLIDAY PREMIUM	$		$
TOTAL			

FOOD DEDUCTIONS

WEEK 1 $ _____

WEEK 2 $ _____

TOTAL $ _____

MANAGER'S COMMENT & APPROVAL

Fig. 1-32

EARNINGS RECORD

YEAR 19____

SOCIAL INS NO 109 690 651

TELEPHONE NO ____

DATE OF BIRTH ____

DATE	RATE/SALARY
	3.00/HR
	4.50/O.T.

CODE 3

NAME JACK STACEY

ADDRESS ____

CITY ____

LINE NO	HOURS REG	HOURS OTHER	EARNINGS REGULAR	EARNINGS OTHER	1	GROSS PAY	DEDUCTIONS GOVT PENSION	2	UNEMP INS	FEDERAL INC TAX	3	INSURANCE	PENSION	4	NET PAY	PERIOD ENDING	INSURED EARNINGS	NUMBER
1	48	4	144.00	18.00		162.00	2.57		2.43	16.60					140.40	19/5	162.00	1/1
2																		
3																		
4																		
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26																		
27																		
28																		
29																		
																16		19

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		17
HOURS		EARNINGS				DEDUCTIONS								NET PAY		

DEPT ____ NO ____ NAME ____

Fig. 1-33

EARNINGS RECORD
YEAR 19____

SOCIAL INS NO 109781650
TELEPHONE NO ____
DATE OF BIRTH ____

DATE	RATE/SALARY
	2.50/HR

CODE 0
NAME FRED FREEDOM
ADDRESS ____
CITY ____

HOURS		EARNINGS				DEDUCTIONS							NET PAY			
REG	OVERTIME	REGULAR	OVERTIME		GROSS PAY								NET PAY			
20		50.00			50.00			.75					49.25	19	50.00	11

Fig. 1-34

EARNINGS RECORD

YEAR 19____

SOCIAL INS NO 107542631

TELEPHONE NO ____

DATE OF BIRTH ____

DATE	RATE/SALARY
	2.75 HR.

CODE 0

NAME SUZY STENCIL

ADDRESS ____

CITY ____

NO	HOURS		EARNINGS				DEDUCTIONS								NET PAY			
	REG	OVERTIME	REGULAR	OVERTIME	1	GROSS PAY	DEPT PENSION	2	UNEMP INS	FEDERAL INC TAX	3	INSURANCE	MEDICAL	4	NET PAY	PERIOD EARNINGS	INSURED EARNINGS	PENSION
1	36		99.00			99.00	1.44		1.49						96.07	19/5	99.00	11
2																		
3																		
4																		
5																		
6																		
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25																		
26																		
27																		
28																		
29																		
																16		11

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	17
HOURS		EARNINGS				DEDUCTIONS								NET PAY	

DEPT ____ NO ____ NAME ____

Fig. 1-35

EARNINGS RECORD
YEAR 19____

SOCIAL INS NO 112 201 357
TELEPHONE NO ____
DATE OF BIRTH ____

DATE	RATE/SALARY
	2.25/HR

CODE 1
NAME JOAN WAITRESS
ADDRESS ____
CITY ____

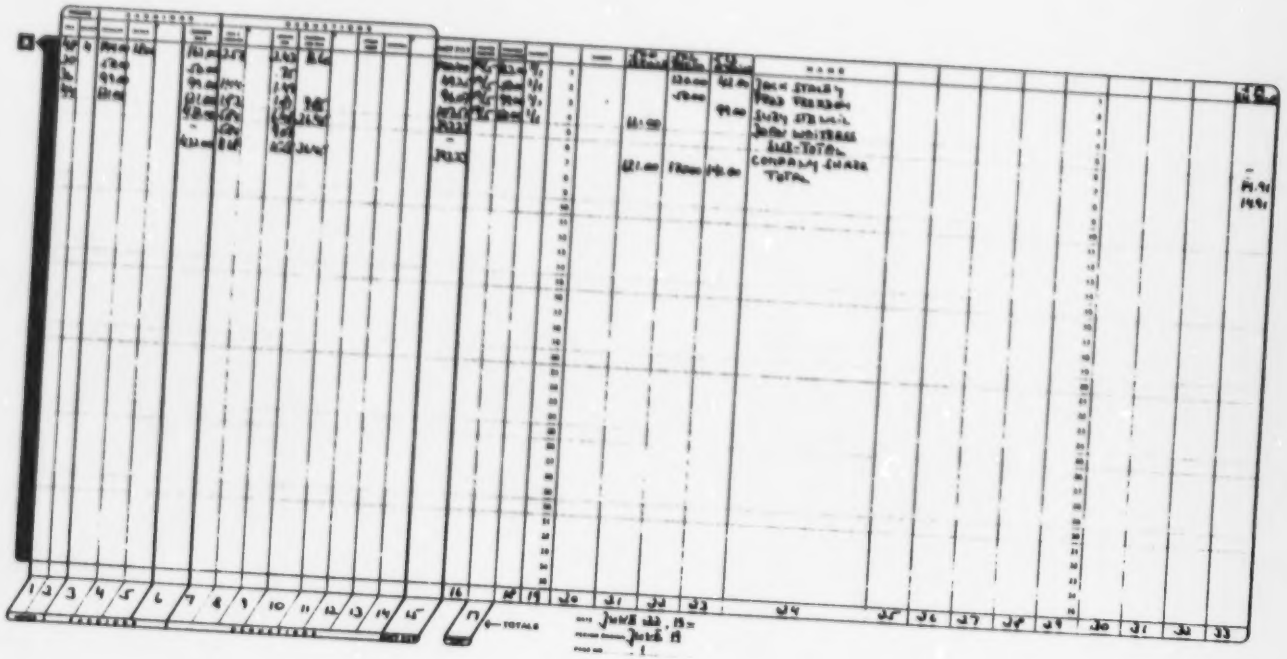
HOURS		EARNINGS				DEDUCTIONS						NET PAY			
REG	OVERTIME	REGULAR	OTHER		GROSS PAY	GOV'T PENSION		UNEMP INS	PERSONAL INC TAX			NET PAY			
44		21.00			21.00	1.83		1.89	9.25			10.53	19 5	21.00	11

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
HOURS		EARNINGS				DEDUCTIONS								NET PAY			

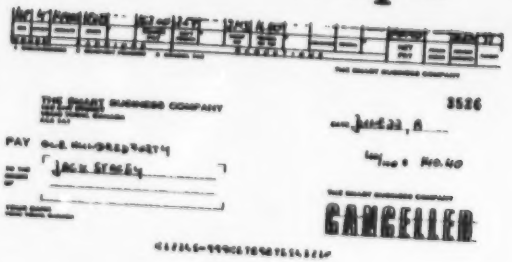
DEPT ____ NO ____ NAME ____

Payroll Journal

Fig. 1-36

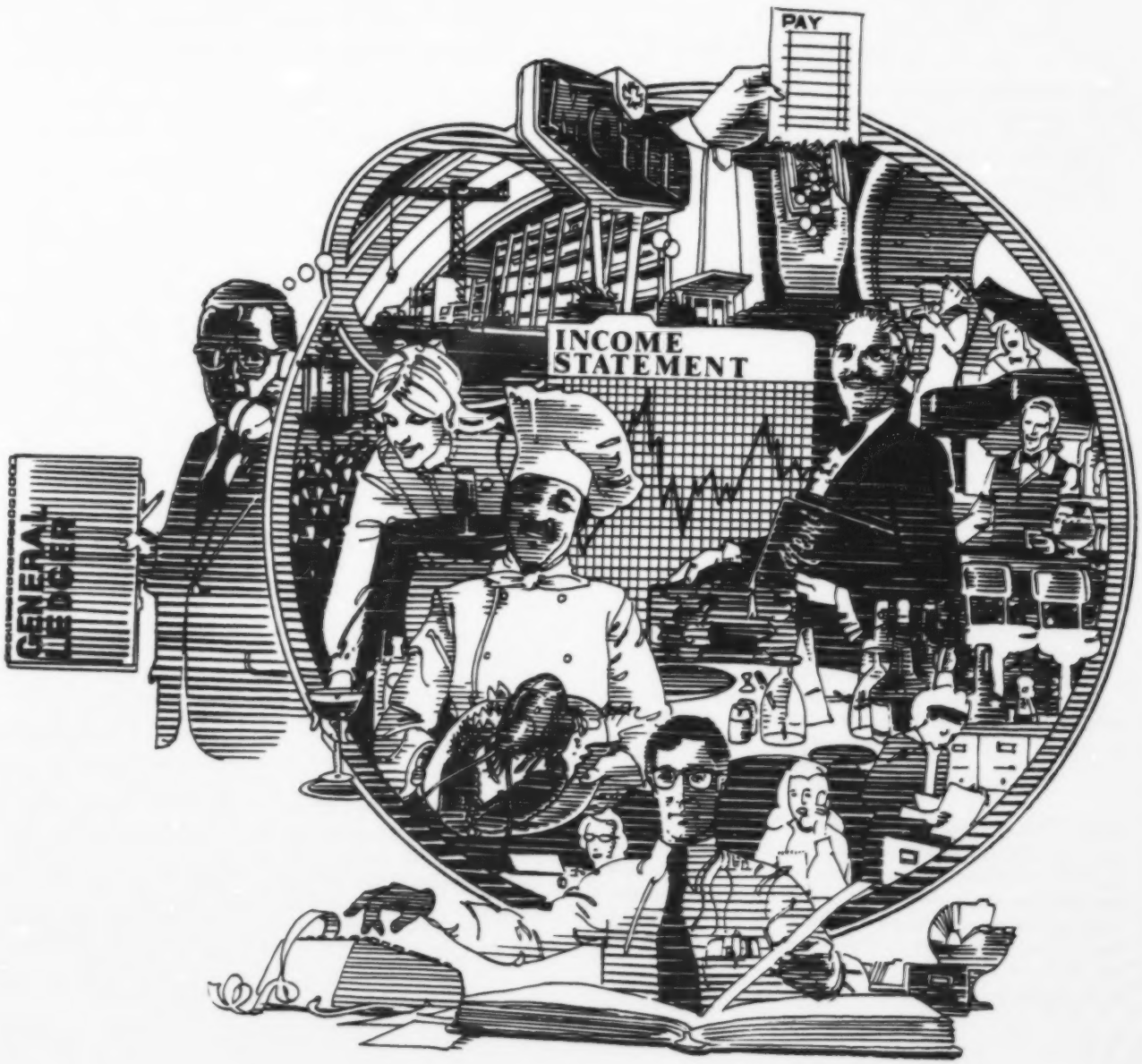


Payroll Cheque



Notes

Book 2
Financial Management Information



Motel Management

Front Office Function

The importance of the front office cannot be over emphasized. The front office represents the central nervous system of the hotel, controlling all other departments and services. Every charge that a guest incurs during his stay is funneled through the front office. Furthermore, the guest begins and concludes his stay at the front desk. Front office personnel must therefore be both courteous and efficient.

The basic functions of the front office are:

(1) To process reservations and handle all inquiries regarding accommodations.

(2) To register guests and assign rooms.

(3) To handle mail, keys, messages and other information.

(4) To handle cash and credit transactions.

Reservations

Reservation requests arrive primarily by mail and telephone. They may come directly from the guest or via travel agent. All details of each request should be carefully noted.

Reservation requests and confirmations should be filed alphabetically, by day of arrival. When a reservation is confirmed, it can be entered on a master reservation chart. This chart is set up by the month and quickly shows how many rooms are booked or available. A sample reservation chart is shown in Figure 2–2. Some operators have found it useful to record the actual room numbers on the chart and reserve specific rooms, while others prefer to reserve types of rooms. The reservation chart should show stayovers. Peg boards are often used as reservation charts. Some operators like to prepare charts for three or four peak months and hang them on the wall near the place where they receive reservation requests.

For each reservation, a reservation card is prepared indicating name and address of the guest, date of arrival, room requirements, travel agent or commission information, and prepayment amount. These cards are filed alphabetically by day of arrival. Preparation of these cards eliminates constant reference to a bulky correspondence file.

On the scheduled day of arrival, these cards are brought to the Front Office and used to pre-assign rooms. Registration cards can be completed for expected arrivals, thus speeding up the check-in process. Any special action required, e.g. VIP's should be noted and acted on at this time.

When the guest registers, the reservation card and registration card are clipped together, providing a ready source of information regarding commissions or billing address.

Advance Deposits

Advance deposits should be recorded as soon as they are received. Reservation cards should be pulled, and the amount of prepayment noted. An account (folio) could be opened for the guest and the amount of the deposit posted. This account could be kept in a separate section of the guest file and assigned to the room slot upon the guest's arrival.

Travel Agencies

Travel agent commissions must be paid immediately upon guest departure. Failure to do so will reflect unfavourably on your operation and lead to a reduction in travel agent referrals. The reservation card and folio should be marked with the name of the referring agency. Upon departure, folios are reviewed and a record of commissions payable is prepared.

Registration

Upon arrival, all guests, with the exception of tour groups or family members, must complete a registration card. Registration cards can be partially completed in advance for guests with confirmed reservations.

The registration card should contain the following information:

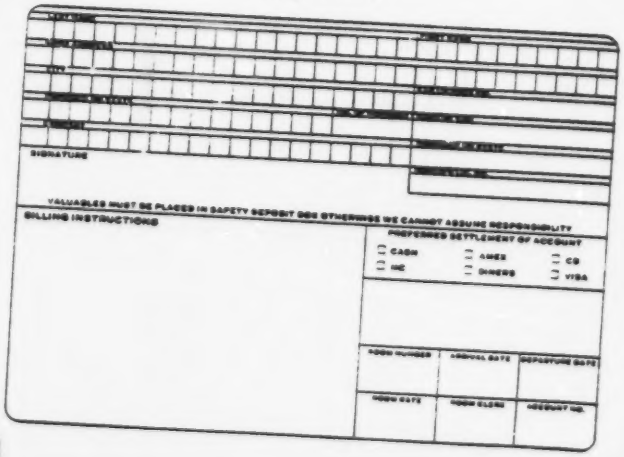
- Name
- Address
- Firm
- Car Make & License Number
- Date of Arrival
- Expected Departure
- Number in Party
- Room Number & Rate
- Room Clerk Identification
- Method of Payment

A sample registration card is shown in Figure 2–1.

If the guest wishes to pay by credit card, an imprint should be made at the time of check-in, to be attached to the folio.

The purpose for making the imprint is to check the card's validity after the guest has checked in, so as not to annoy him or keep others waiting in line at the time of check out. Guests without reservations should be asked to present their credit cards or pay cash in advance.

Fig. 2–1



Reservation Chart

Fig. 2-2

																					Month						19				
Date	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
Singles																															
1																															
2																															
3																															
4																															
5																															
6																															
7																															
8																															
Doubles																															
1																															
2																															
3																															
4																															
5																															
6																															
7																															
8																															
9																															
10																															
11																															
12																															

Mail, Keys & Information

In most small operations, this is a minor but still important function. Although the volume of guest mail and telephone calls is low, it is essential to accurately record the details, including time of arrival, for each piece of mail, or telephone call.

Mail messages should be kept at the Front Desk, with a duplicate or notice being sent to the guest's room. Guests should be asked to sign for all mail picked up at the Front Office. Mail for guests with definite reservations in the future, should be recorded on the reservation card. When mail is received for an unregistered guest and the date of arrival is not indicated, it should be held for 10 days, then returned to sender.

It is impossible to estimate the importance of any phone message or piece of mail. All messages and mail should be handled with extreme care to ensure that they are received by the guest.

The Front Office should maintain an up-to-date list of hotel and community functions and activities.

Cash and Credit Transactions

The Front Office also updates guest accounts and checks out guests. When a guest checks in, the hotel provides him with instant credit. Accuracy and attention to detail are necessary for all cash and credit transactions.

Where more than one person operates the cash register, each person should have a separate drawer and house bank (float). The clerk's house bank is his responsibility and should not be entrusted to anyone else. The house bank should at all times contain the correct amount as shown on the machine read off. House banks should be spot checked periodically. A complete count and report of this bank should be prepared at the end of each shift and submitted with the daily cash for deposit. Cash boxes should be locked and placed in the safe. Clerks are responsible for any shortages occurring in their house bank.

Guest Checkout Procedures

When a guest checks out, the clerk should ask if he had any late charges. If so, the charges should be added to his account.

After all charges have been made to the guest's account, the bill may be settled in one of the following ways.

- cash or bank card
- credit card honoured by the hotel
- billed directly to the guest or his firm

A copy of the settled account should be given to the guest. The remaining copy is retained for accounting purposes. Checkout time should be noted on the back of the folio.

Other Functions

As mentioned, the Front Office co-operates with all other departments of the hotel. The major area of co-operation is between the Front Office and the maids. Each day the maids should summarize the status of the rooms; larger hotels would do this twice a day.

After a guest checks out, the room status is changed from "occupied" to "check-out–not made up" and a maid is assigned to make up the room. When completed, the room is inspected and its status changed from "check-out–not made up" to "vacant." Should the room require major repairs or cleaning, its status would be listed as "out of order."

The status of each room is noted on the maids/housekeepers' report. This report is compared to the Front Office records, and any discrepancies noted and followed up. This double checking of room status can help control "skips" (guests leaving without paying) and "sleepers" (a departed guest whose check-out was improperly recorded, giving the appearance of an occupied room). It is also a method of increasing guest security. A sample housekeeper's report is shown in Figure 2–3

Housekeeper's Report

Fig. 2-3

				Date	
V	-	Vacant and made up	O	-	Occupied
C/O	-	Check Out - not made up	OOO	-	Out Of Order

ROOM NO.	STATUS	ROOM NO.	STATUS	ROOM NO.	STATUS

Accommodation Statistics and Rates

Any accommodation operator should compile at least the following two statistics on a daily and cumulative basis (usually by month).

1. Average room rate

$$= \frac{\text{Total room sales}}{\text{Number of occupied rooms}}$$

2. Occupancy percentage

$$= \frac{\text{Number of occupied rooms}}{\text{Number of available rooms}} \times 100$$

Other valuable statistics which the more sophisticated operator collects include:

3. Average rate per guest

$$= \frac{\text{Total room sales}}{\text{Number of guests accommodated}}$$

4. Double occupancy percentage

$$= \frac{\text{Number of guests accommodated} - \text{Number of occupied rooms}}{\text{Number of occupied rooms}} \times 100$$

Other ratios and statistics used to measure the efficiency of the operation include:

5. Ratio of various expenses to sales; provides information such as labour cost percentage.

6. Rooms cleaned per maid

$$= \frac{\text{Number of occupied rooms per period}}{\text{Number of maids per day (8 hour day)}}$$

7. Costs per occupied room
i.e. cleaning supplies and expenses per occupied room

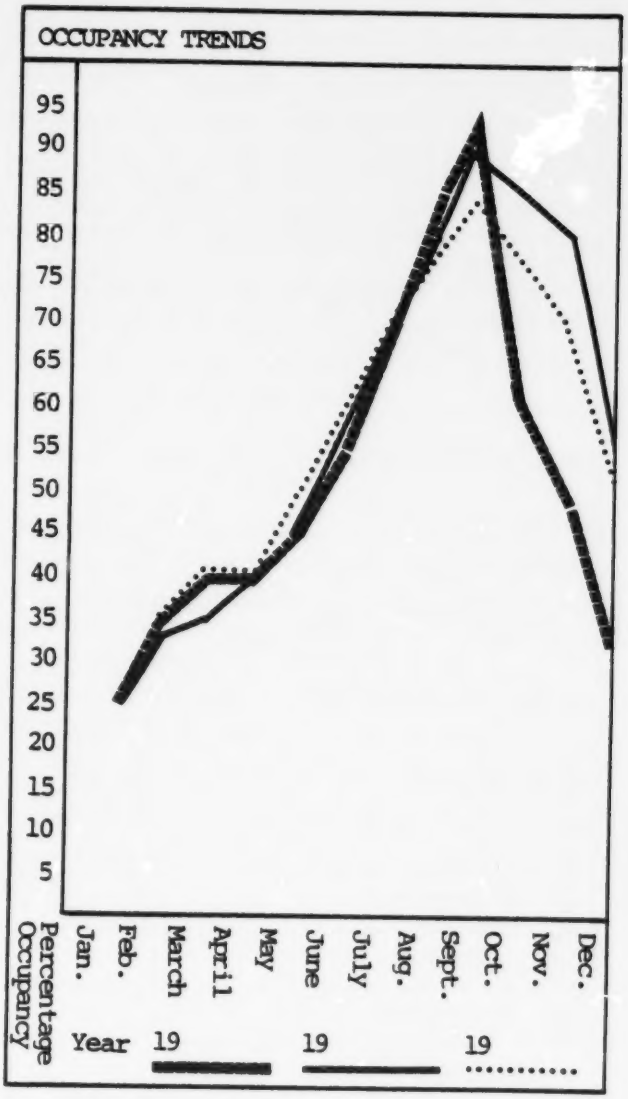
$$= \frac{\text{Cleaning supplies and expenses per period}}{\text{Number of occupied rooms per period}}$$

Still other ratios are developed by some operators; the key to success is to develop the information which is of value in comparing performance with other operations and other operating periods.

A detailed daily report for a full service motel (rooms, food and beverage, etc.) is shown in Figure 2–4. Only the most sophisticated of operators would develop such a comprehensive report. A more basic, but still very useful, statistical summary used by rooms only operators consists of a bound volume containing sheets for each statistic required as shown in Figure 2–5:

Such a record shows the key operating information at a glance and is useful in determining trends and forecasting future activity. This information could also be recorded on graph paper and trends still more easily identified. A sample occupancy graph is shown in Figure 2–6.

Fig. 2–6



Daily Report—Full service Motel

Fig. 2-4

DAY	DATE	WEATHER

SUMMARY OF SALES								
	TODAY			TO DATE			TO DATE LAST YEAR		
ROOMS								
FOOD								
BEVERAGE								
TELEPHONE								
TOTAL								

STATISTICS				CASH REPORT		
	TODAY	TO DATE	TO DATE LAST YEAR	RECEIPTS		
ROOM AVAIL.				MASTER CHARGE		
ROOM OCC.				CHARGEX		
NO. OF GUESTS				CHEQUES		
AVG. ROOM RATE				TOTAL		
AVG. GUEST RATE				OVER (SHORT)		
% OCCUPANCY				DEPOSIT		

FOOD AND BEVERAGE					
	FOOD	BEVERAGE	TOTAL	ACCOUNTS RECEIVABLE (GUEST & CITY LEDGERS)	
BREAKFAST				PREVIOUS BALANCE	
LUNCH				CHARGES	
DINNER				RECEIPTS	
BANQUETS					
TOTAL				BALANCE	

Statistical Summary—Rooms Only

Fig. 2-5

ROOM REVENUE

Page 1

Sun.	Mon.	Tue.	Wed.	Thur.	Fri.	Sat.

Occupancy Percentage

Page 2

Sun.	Mon.	Tue.	Wed.	Thur.	Fri.	Sat.

Average Room Rate

Page 3

Sun.	Mon.	Tue.	Wed.	Thur.	Fri.	Sat.

Notes

Restaurant Management

Costing, Planning and Control

A prerequisite for successful management of foodservice establishments is the adequate control of food and beverage costs. Food and beverage cost percentages are yardsticks which determine the quantity and quality of ingredients served to customers. Effective control systems will:

Aid in developing menus:
Control systems will tell which items move the fastest, and which items are most profitable. This aids in developing a profitable, popular menu.

Aid in improving quality:
Accurate specifications permit you to choose the right product required. This can lower food costs by reducing spoilage, waste, and inefficient purchasing.

Aid in pricing for profits:
Consistent and satisfactory profit margins can only be planned for if the costs of sales are accurately budgeted and controlled.

It is obvious that a cost control system is a benefit to all food service operations, and something you will want to install in your own operation. What then is necessary to control your food and beverage costs? You must:

- Reasonably predict what items and how many the customers will buy. Nobody expects 100 per cent accuracy but, with experience, forecasts can be made.
- Purchase and prepare raw materials in accordance with your forecasts. Naturally, the more accurate the forecast, the fewer problems with over or under buying.
- Portion products in order to avoid excessive costs. Standard portions allow you to forecast what your costs should be, while at the same time providing consistency in service.
- Control internal waste, pilferage and loss. Profitable food service operations require tight controls, from the minute raw materials are ordered until they are served to the customer.

Use of Standards

The cornerstones of effective food and beverage control systems are standards–standard purchase specifications, standard portion sizes, standard recipes, and other related standards. Standards should serve as goals and guides for evaluating actual performances.

Like many aspects of management, food and beverage cost planning and control systems should be simple and flexible. Keeping the routines and procedures simple allows more time for day-to-day operations and planning for the future. Flexibility is vital–your system should not tie up the kitchen in red tape.

Standard Recipes

Standard recipes help maintain consistent quality, customer satisfaction, and predictable food costs. Standard recipes are available in many institutional recipe books, or can be developed specifically for the operation. To develop recipes, consider the following guidelines:

1. Select first those recipes that are frequently prepared.
2. Select an easy to read format for writing the recipes. Recipe cards should be plastic laminated for easy cleaning.
3. Include *every* important detail necessary in preparing the item:
   - Include the exact weight or volume of every ingredient to be used.
   - List ingredients in the order in which they are to be combined.
   - Include in the directions such information as mixing time and speed, baking times and temperatures, etc. Be accurate and specific.
   - Include the exact size of baking pans and other containers used for assembling the ingredients.
4. Discuss instructions for serving standard portions with those involved. Record specific portion sizes and calculate the standard yield expected.
5. Discuss the overall preparation and service with all employees concerned (including those involved in purchasing) to make sure that instructions are clearly understood.

For a sample standard recipe, see Figure 2–7.

Standard Portions

Standard portion sizes help maintain the established profit margin while ensuring that customers receive fair value for their food dollar. Standard portion sizes are part of each standard recipe; even when recipes are not required (e.g. service of coffee, milk, etc.), standard portions should be established. Record the standard portion sizes on a chart and post a copy wherever employees are involved in plating or portioning. When establishing portion sizes, consider the following guidelines:

1. The portion must be large enough to satisfy the customer.
2. The portion size must be compatible with purchase specifications.
3. The portion size must be practical in terms of food cost and menu price.
4. Measurement tools must be available to preparation and service personnel. These include–portion scales, sized ladles, scoops, etc. If possible, a file of colour photos showing the correct plating and service procedures should be maintained.

Notes

Standard Recipe

Fig. 2-7

BEEF BURGUNDY			
	YIELD: 200 PORTION: 3 Oz. Beef 6 Oz. Sauce		TEMP: TIME:
INGREDIENTS	WEIGHTS	MEASURES	METHOD
BEEF, 1" CUBES, BOTTOM ROUND	50 LB.		SAUTE MEAT IN OIL IN STOCK POT UNTIL BROWN.
OIL, VEGETABLE		2 QT.	ADD CARROTS, ONIONS, PARSLEY, SALT, PEPPER, MUSHROOMS, AND WINE.
CARROTS, CHOPPED	4 LB.		
ONIONS, CHOPPED	8 LB.		
PARSLEY, MINCED	6 OZ.		DISSOLVE BEEF BASE AND GARLIC IN WATER (a). ADD TO MEAT. ADD BOUQUET GARNI - SIMMER 1½ HOURS OR UNTIL MEAT IS TENDER. COOK TO 160F.
SALT	8 OZ.		
PEPPER, WHITE	2 OZ.		
MUSHROOMS, SLICED LENGTHWISE	16 LB.		
WINE, BURGUNDY		2 GAL.	PREPARE WASH OF FLOUR, PURITY 69 AND WATER (b), WHIP INTO HOT MEAT MIXTURE; BRING TO 180F. STIRRING CONSTANTLY.
BEEF BASE	1 LB.		
GARLIC, INSTANT	4 OZ.		
WATER (a)		3 GAL.	
BOUQUET GARNI BAY LEAVES, WHOLE THYME, SPRIGS		½ C. ½ C.	ADJUST SEASONING REMOVE GARNI BAG.
FLOUR	3 LB.		
PURITY 69	3 LB.		
WATER (b)		4 GAL.	

Standard Yields

Standard yield is the net weight or volume of food available for sale to the guest. Yields can be given by the purveyor, or determined by testing in your own kitchen. By periodically comparing standard yields to actual yields (based on sales and food purchases), you can determine if there are losses due to poor purchasing, receiving, preparation procedures, pilferage, or spoilage.

Establishing Standards for Beverage Service

Standards for beverage service can be established in much the same manner as those for food. Since alcoholic beverages are expensive, the need for standards and controls is even greater. A standard recipe should include all instructions, ingredient amounts, and the type of liquor to be used (e.g. premium, bar quality). Additionally, the standard glassware should be recorded for each drink. See Figure 2–8. When determining your standard glassware, you should consider the following:

1. The general decor and type of beverage operation.
2. The type of clientele patronizing your operation.
3. The equipment and glass washing methods used.
4. The volume of business by type of drink.
5. The drink sizes of the beverages served.

Automated Beverage Dispensing Systems

Automated beverage dispensing systems are available for beer and liquor service. They provide a high degree of accuracy and control, helping to maintain both profit margins and consistent quality. In most cases, these devices are linked to electronic cash registers.By allowing the operator to read off sales volumes and quantities dispensed at the end of each shift, automated systems can increase the speed of service, and reduce losses due to pilferage and incorrect dispensing procedures.

There are many different systems available today. Each type will require different capital expenditures. The cost of these systems must be carefully balanced against the expected benefits. Company salesmen and friendly competitors using similar systems can provide the information required when considering this equipment.

It should be stressed that these systems do not relieve management of its control responsibilities. A good "paper system" of control is still required. In smaller operations, a "paper system" coupled with good training and close supervision will provide the necessary level of beverage control.

Par Stocks

Par stocks provide an easy and valuable tool for planning and control. They may be used for any activity where it is useful and possible to maintain a limited supply of merchandise close to the actual preparation area–for example, behind the bar, or in the refrigerated section of the steam table.

For each area having a par stock, determine the quantities required for a normal shift or meal period. Then, prior to each period, add sufficient units to "bring the stock up to par." By doing so, you get an accurate account of merchandise consumed in the previous meal period, and you limit the number of trips to storerooms during meal periods.

A simple form can be designed to record transfers in and out of par stocks. This can be compared to sales figures, and any discrepancies noted and acted upon.

Fig. 2–8

STANDARD DRINK RECIPE							No. 32			
ITEM: Martini										
						Date	Date	Date	Date	
						8/21/78				
Drink Sales Price						$2.00	$	$	$	
Drink Cost						$ .65	$	$	$	
Drink Cost Percentage						32.5%	%	%	%	%
	Bottle Data						Drink Cost			
Ingredients	Size	Cost	Cost	Cost	Cost	Drink Size				
Dry Gin	40 oz.	12.00				2 oz.	.60			
Dry Vermouth	25.6 oz	4.00				½ oz.	.04			
Olive						1 ea.	.01			
Water (Ice)						½ oz.				
Totals						2.75	.65			
PREPARATION PROCEDURE Place ingredients into a mixing glass. Add ice and stir long enough to chill. Strain into a cocktail glass and garnish with an olive.										
GLASS USED 3½ oz. Lined Cocktail										

Purchasing

The objective of food and beverage purchasing is to obtain the best quality (based on purchase specifications) at the lowest price. To do so, you require:

1. A qualified purchaser: Whoever is responsible for purchasing must know where to look, and what to look for.
2. A sound set of purchase specifications: These tell the purchaser what to look for. They should provide enough information to choose from among alternatives, and to allow substitutions if necessary.
3. Effective buying methods and procedures: Buying methods must be consistent with the desired level of inventories, available storage space, delivery times, and cash/credit balances.

Purchasing alcoholic beverages is quite straightforward. Once you have determined the product characteristics, specifications and quantities, this task can be delegated to an able assistant. However, purchasing of food products is a detailed, technical task, and one which should be supervised closely. In order to purchase food effectively, the food purchaser should know:

- Where merchandise comes from at various times of the year.
- The desirable and undesirable quality characteristics of the merchandise.
- Correct storage conditions.
- The effect time and storage temperature have on raw materials.
- Expected yield of useable product.
- Food preparation methods and procedures.
- Purchase specifications.

Purchasing should be done on a quality basis, and not price alone. Properly designed purchase specifications call for the quality that will give the lowest food or beverage cost while still meeting all other management objectives. In most cases, buying what appears to be a "good deal" can end up costing more.

A purchase specification is a concise description of the quality, size, weight and/or count factors desired for a particular item. Properly designed, it guides the purchaser, suppliers and receivers in ordering, delivery and receipt of merchandise. Copies of specifications should be given to kitchen personnel and suppliers. Guides in establishing purchase specifications are menu, and price and quality policies. You and your chef must co-operate closely on the establishment and maintenance of purchase specifications.

Standard Purchase Specification:
Sirloin Strip Steaks–14 Oz. (Bone-in) Canada Grade

1.0 Sirloin strips from which steaks are to be cut shall be:

- 1.1 Bone in with medium size eye
- 1.2 Have chine bone trimmed close to the meat
- 1.3 Aged 2½–4 weeks

2.0 Individual steaks shall:

- 2.1 Weigh 14 ounces (bone-in) with maximum allowances of ½ ounce plus or minus.
- 2.2 Have no more than ½" tail or flank measured from the main muscle (eye).
- 2.3 Have no more than ¼" fat covering over the main muscle (eye).
- 2.4 Include no nerve end steaks from the hip end.
- 2.5 Be properly packaged for refrigerated storage.

The third requirement for purchasing is effective buying methods and procedures. Foremost among these techniques is a competitive buying procedure. Whenever possible, obtain quotations from two or more purveyors for each item. Each purveyor should have a set of your purchase specifications–this will allow you to complete much of your ordering via telephone. Quotes should be recorded and the chosen purveyor noted for each purchase. Again, remember to purchase to specification standards. Price is only one aspect–quality, delivery time and service must also be considered.

Receiving

The objective of proper receiving procedures is to obtain the quality and quantity of merchandise ordered at the quoted price. Those receiving merchandise must have a thorough knowledge of the standard purchase specifications for each item ordered. All merchandise received should be thoroughly checked with respect to quality, quantity, specifications and price. Unopened cases should be opened and their contents inspected. Weights should be compared to the quoted weight. For the purchase of alcoholic beverages, unopened cases should be weighed prior to opening–any case short of the quoted weight will likely contain broken bottles. These cases should be returned, or a credit memo should be issued to cover the damaged goods.

Any items not up to standard should be returned and a credit memo issued. Reasons for rejecting the merchandise should be clearly stated. Remember, once the merchandise is accepted it belongs to your company. Obtaining credit for spoiled goods at a later date may be difficult.

- Ideally, each delivery should have an accompanying invoice or packing slip, stating the quantity, price and value of each item delivered. Invoices should be checked against the actual merchandise. Additionally, the prices and extensions on the invoice should be double checked. Once checked, invoices should be stamped and/or signed by the person receiving the merchandise.
- A daily record of all merchandise received can be recorded on what is called a receiving sheet. These sheets provide a valuable quick reference and follow-up evaluation of the purchasing and receiving procedures, and can be used for food cost calculations.

Storage

The primary objective in storing food and beverages is to maintain adequate stocks of merchandise with minimum loss due to pilferage or spoilage. The amount of stock required for a period of normal demand is known as the "par stock." Par stocks allow for easy determination of future order quantities.

Food and beverage merchandise is *money* in a different form. Profitability can be greatly improved by reducing or eliminating losses due to pilferage. To aid in this task, you require:

- Adequate locks on all storerooms, refrigerators and freezers.
- Effective control of all keys: keys should be handed over to a responsible person on each shift. Each employee should have only those keys necessary for his job. Extra keys should be kept locked up, available only to the owner or manager. If keys are lost or stolen, locks should be changed immediately.
- Responsibility for the security of the merchandise: Those given keys to storerooms must understand that they are responsible for the contents of the storeroom. They must be able to account for any shortages or discrepancies.

Proper purchasing, receiving and storage is required to prevent losses due to spoilage. The principal causes of spoilage are:

Improper storage temperatures for both refrigerated and dry storage areas.

Excessive Storage Periods: Remember that frozen food can also deteriorate. Carefully determine the proper storage period for all dry, refrigerated and frozen items. Ensure that all stocks are rotated on a "first in-first out basis", i.e., the oldest items in the storage area are used first.

Lack of Adequate Ventilation: Dry stores must be stacked off the floor and away from the wall, and with spaces between cartons to allow for air circulation. Additionally, be sure that you do not block fans and vents in refrigerated storage areas.

Odour Transfer: Foods likely to transfer odour should be carefully wrapped, and stored separately. Items should be stored in such a way that foreign matter cannot fall into open containers.

Lack of Proper Sanitation: Bacteria, insects and vermin can accumulate in unwashed areas and hasten the spoilage of food. Thorough cleaning, in combination with proper screens, drain guards, etc., will help prevent this type of spoilage.

Excessive delays between receiving and storing perishable items: Any item not promptly stored may be stolen, damaged or spoiled.

The storerooms should be spacious enough to adequately contain the largest quantity of goods likely to be obtained. A monthly physical check of all items in the storerooms should be taken (inventory). To facilitate inventory taking, pre-printed sheets showing the names of all goods used by the restaurant could be made and the quantity and price written in at the time the inventory is taken. Specific items should always be stored in the same location and the order of storage should correspond with the order in which the items are listed on the inventory sheets.

Issuing

Many small food service operators do not have formalized issuing procedures and requisitions. However, by following the storage procedures outlined above, and understanding the objectives of issuing procedures, control can be maintained.

The objectives of issuing are:

1. To ensure proper authorization for the release of merchandise. Rather than leaving storerooms unlocked during working hours, only certain authorized personnel should be allowed access to stores. The fewer people allowed into storage areas, the better the control.
2. To account properly for all merchandise issued. Each person authorized to obtain merchandise from storage should keep a record of the items taken. This allows inventories and staff activities to be spot checked.

Preparation

Preparation of food can be controlled by purchasing or issuing only the food required for the anticipated volume of sales for the day. Access to storerooms should be limited. Standardized recipes should be used and food should be cooked to order whenever possible. Cooks often believe that their sole responsibility is to cook food. Actually, the cook has a great influence on profitability (food cost usually represents the single highest cost in a restaurant operation) and should control cost by not over preparing, and by ensuring that food is only served if a check is prepared. For the cook, a guest check is a work order asking him to prepare the items listed.

Service

All service staff should be trained not only in the physical skills required to achieve guest satisfaction but they must also be numbers oriented. Restaurants lose considerable money because of checks added incorrectly or items not recorded but served. Every item served must be recorded on a check and all checks must be accounted for and added correctly.

Calculation of Actual Food and Beverage Costs

If the procedures outlined for purchasing, receiving, storing and issuing are followed, most of the information required to calculate actual food and beverage costs will be obtained. All cost calculations are based on one underlying principle.

Opening Inventory
+ Purchases
– Closing Inventory
= Cost of Food (Beverage) Sales

Cost of sales should be calculated at least once a month. The more often you calculate cost of sales, the greater your ability to react to adverse situations.

The most sophisticated operators go one step further and adjust the cost of sales to reflect food items that were not actually sold for revenue. Such items include employees' meals and transfers to bar. In these instances, although the food is consumed, no revenue is received. Operators who follow this procedure record employee meals at full sales value and then reduce sales to reflect cost by use of a monthly journal entry.

Small operators who do not account for employee meals should still pay careful attention to the quantity and value of food consumed by employees.

If daily food purchases closely approximate actual consumption, with no significant inventory fluctuations, then daily or weekly food costs can be determined directly from invoices and receiving records. Simply total the invoices, adjust for food and beverage transfers as before, and you have your cost of sales–food. Divide by food sales for the period to determine the food cost percentage. If you calculate food cost percentages on a weekly and period-to-date basis, it will help eliminate the random fluctuations inherent in this method. This system works well for smaller operations where control over issuing is less formal.

For larger operations with more formalized issuing procedures and controls, you can accurately determine daily and period-to-date food costs. To do this, one must know the dollar value of the storeroom inventory, the dollar value of merchandise purchased for stores, and the dollar value of merchandise received directly by the kitchen (e.g. bread, dairy products). The easiest way to gather this information is to price all items in the storeroom and keep a running record of items received and issued. This perpetual inventory is double checked by periodic spot checks and a monthly physical inventory.

Inventory Valuation

The most reliable check of cost control procedures is the physical inventory. By actually counting, weighing, or otherwise measuring the amount of merchandise on hand, one can precisely determine the consumption for the past period. Needless to say, an accurate record of purchases and issues is required to determine actual costs for the period.

Physical inventories should be taken on a monthly basis. They should be conducted by a responsible employee, and double checked by management. As a general rule, those who stand to gain the most from, or are most likely to be involved in, inventory thefts should not participate in physical inventories–for example, the bartender should not take the liquor inventory.

There are two steps involved in taking an inventory. The first is to measure and record the quantities of merchandise on hand. Standard purchase specifications greatly increase the ease and accuracy of this task. The second step is to assign a dollar value to the inventory on hand.

The foodservice industry generally values inventories in one of two ways: the last-in-first-out (LIFO) method or the first-in-first-out (FIFO) method.

The LIFO method assumes that the last item purchased was the first item used in food production. You therefore value your ending inventories at prices which you paid in the beginning of the period. This method is especially useful in times of escalating food prices since it tends to increase your cost of sales by decreasing the value of your ending inventory.

The FIFO method assumes that the first item purchased was the first item used in food production. You value your ending inventory at prices which you paid at the end of the period. This method tends to decrease your cost of sales by increasing your ending inventory. The following examples will illustrate the use of LIFO and FIFO inventory valuation.

Strip Loin Inventory:

Jan. 1–Opening Inventory	75 pounds @ 4.50 =	$337.50
Jan. 15–Purchase	80 pounds @ 4.70 =	376.00
Jan. 24–Purchase	70 pounds @ 5.00 =	350.00
Total	225 pounds	$1,063.50
Ending Inventory:	55 pounds	

LIFO Pricing:

Total cost of 225 pounds available for sale	$1,063.50
Less: Ending Inventory (LIFO)–55 lbs. @ 4.50	247.50
Cost of Sales....	$ 816.00

FIFO Pricing:

Total cost of 225 pounds available for sale	$1,063.50
Less: Ending Inventory (FIFO)–55 lbs. @ 5.00	275.00
Cost of Sales....	$ 788.50

Taking into account that menu prices are not adjusted every month, the LIFO method gives a better indication of what food costs will be next month, given similar circumstances. It is also an early indicator of the need to adjust menu prices in order to maintain projected margins.

It should be stressed that these methods are only for the *valuation* of inventory. Regardless of which method is chosen, inventory should be rotated on a first-in-first-out basis, using oldest items first. Whichever method is chosen, it should be used consistently.

Restaurant Statistics and Reports

The key statistics required by a restaurant are sales by outlet and by meal period (breakfast, lunch, dinner), food cost percentage and labour cost percentage.

Figure 2–9 illustrates a simple form for maintaining a running record of sales by meal period and purchases. This chart is designed for the small restaurant where most of the food supplies go directly to the kitchen, i.e., both staples and paper supplies are placed in storage and monthly inventories are not necessarily taken. This method assumes that the cost is incurred when the food is purchased rather than when it is consumed; therefore, each day all purchases are recorded on this sheet from the receiving records or invoices delivered with goods received, and sales figures are obtained by totalling the guest checks or by taking machine readings. Food cost percentages are then determined by dividing the cost of purchases by the sales. On any one day when a large quantity of food is purchased the cost would be distorted; however, over a period of a few days the cumulative should reflect the actual cost of food sales.

Figure 2–10 illustrates the same approach to beverage sales and cost analysis. It should be noted that, rather than purchases, cost is based on issues. The reason for this is that beverages are rarely sent directly to the bars but usually go into a storeroom and are issued from the storeroom to replenish bar par stocks.

The Summary of Food Cost and Sales (Figure 2–11) is designed for a more sophisticated restaurant operation where cost is based not simply on purchases but on food actually issued to the kitchen. As can be seen, although $115.00 worth of food was purchased for the storeroom on the day in question ($53.00 direct, total $168.00), only $75.00 worth of food was actually issued to the kitchen for use that day. As can be seen, this method of accounting for food costs provides a more accurate daily cost record.

The Statistical Report (Figure 2–12) is designed for the more sophisticated operators. To complete this form the operator would have to break down sales by meal period and would have to keep track of the number of guest checks used to arrive at an average check by meal period.

Check control is necessary for every operation, even if the information is not used to calculate the average check. All guest checks should be pre-numbered and accounted for on a check control sheet. It is advisable to use either duplicate checks, where one copy is presented to the kitchen or bar and the other to the guest, or a "red line" method whereby the item ordered is ticked off by the cook or bartender when given to the service person.

Restaurant Sales and Purchases

Fig. 2-9

DAY DATE PREPARED BY

REGISTER READINGS	TODAY		MONTH TO DATE		LAST YEAR TO DATE	
	REVENUE	TAX	REVENUE	TAX	REVENUE	TAX
BREAKFAST	20.00		300.00		250.00	
LUNCH	150.00		1,200.00		1,100.00	
DINNER	130.00		1,300.00		1,250.00	
TOTAL	300.00		2,800.00		2,600.00	

FOOD PURCHASES

	BEEF	FISH	MEATS	BREADS	DAIRY	PRODUCE	STAPLES	OTHER	TOTAL
CARRIED FORWARD	157.00	200.00	125.00	120.00	180.00	150.00	100.00	ø	1,032.00
TODAY	20.00 40.00 10.00	20.00 25.00		18.00	20.00	6.00 9.00			84.00 74.00 10.00
TOTAL TODAY	70.00	45.00	ø	18.00	20.00	15.00	ø		168.00
TOTAL MONTH TO DATE	227.00	245.00	125.00	138.00	200.00	165.00	100.00		1,200.00

	TODAY	MONTH TO DATE	LAST YEAR MONTH TO DATE
TOTAL FOOD PURCHASES	$ 168.00	$ 1,200.00	$ 1,144.00
PERCENTAGE OF SALES	56%	43%	44%

Beverage Sales and Cost

Fig. 2-10

DAY	DATE	PREPARED BY

REGISTER READINGS	TODAY		MONTH TO DATE		LAST YEAR TO DATE	
	REVENUE	TAX	REVENUE	TAX	REVENUE	TAX
BEER	100.00		900.00		700.00	
LIQUOR	60.00		650.00		650.00	
WINE	20.00		100.00		150.00	
OTHER						
TOTAL	180.00		1,650.00		1,500.00	

BEVERAGE ISSUES

	Btld. Beer		Draft Beer		Scotch		Rye		Other		Wine		Soda		Other		Total	
	#	$	#	$	#	$	#	$	#	$	#	$	#	$	#	$	#	$
Carried Forward	30	200.00	6	88.00	4	32.00	6	43.50	6	37.00	5	40.00	7	35.00			54	475.50
Today	2	12.00			1	8.50	1	7.50			1	10.00	1	5.00			6	43.00
					1	12.00	1	9.00									2	21.00
Total Today	2	12.00	ø	ø	2	20.50	2	16.50	ø	ø	1	10.00	1	5.00	ø	ø	8	64.00
Total Month to Date	32	212.00	6	88.00	6	52.50	8	60.00	6	37.00	6	50.00	8	40.00	ø	ø	62	539.50

	TODAY	MONTH TO DATE	LAST YEAR MONTH TO DATE
Beverage Issues	$ 64.00	$ 539.50	$ 520.00
Percentage of Sales	36%	33%	35%

Summary of Food Cost and Sales

Fig. 2-11

MONTH 19

DATE	DAY	STORE-ROOM IN-VENTORY	STORE-ROOM PUR-CHASES	TOTAL	STORE-ROOM ISSUES	DIRECT PUR-CHASES	TOTAL COST	COST		SALES		COST PER DOLLAR SALE	
								TODAY	TO-DATE	TODAY	TO-DATE	TODAY	TO-DATE
7-10	MONDAY	800 00	115 00	915 00	75 00	53 00	128 00	128 00	1,200 00	300 00	3,200 00	42 60	37 50
7-11	TUESDAY	840 00											

Statistical Report

Fig. 2-12

DAY	DATE	WEATHER

FOOD

ALL ROOMS	Today			Month To Date		Same Date Last Mo.		Same Date Last. Yr.	
	Sales	Covers	Avg.Check	Sales	Avg.Check	Sales	Avg. Check	Sales	Avg. Check
BREAKFAST									
LUNCH									
DINNER									
BANQUET									
TOTAL									

BEVERAGE

ALL ROOMS	SALES				% OF FOOD SALES			
	TODAY	TO-DATE	SAME DATE LAST MO.	SAME DATE LAST YR.	TODAY	TO-DATE	LAST MO.	LAST YR.
LUNCH								
DINNER								
BANQUET								
COCKTAIL								
TOTAL								

	FOOD	BEVERAGE	TOTAL
BUDGET THIS MONTH	_____	_____	_____
TARGET TO DATE	_____	_____	_____
ACTUAL TO DATE	_____	_____	_____
VARIANCE $	_____	_____	_____
VARIANCE %	_____	_____	_____

Notes

Analysis and Statistics

Statistics and ratios related to motel and restaurant operations have been mentioned in each section of this manual. There are other statistics and analyses which often prove useful.

Some comments on, and examples of, these follow:

Balance Sheet Analysis

Working Capital: The difference between current assets and current liabilities. It shows whether or not the business will be able to meet its immediate obligations.

Current Ratio: Current assets divided by current liabilities. If the current ratio is smaller than 1, it may indicate that the business will not be able to meet its immediate obligations. It is important to note at this point that motels frequently have a working capital (or current) ratio of less than 1 without being in financial difficulty. The reason is that motel rooms are fixed assets and that the rooms department has a negligible inventory of stock (paper, soap, etc.) when compared to the earning capacity of the motel. Sometimes even lenders are unaware of this distinction between retail or manufacturing enterprises and the hotel industry. For motels the ratio between total assets and total liabilities is a more meaningful measure of financial health.

Turnover Ratios: Turnover ratios can be established for any department which carries inventory for resale, e.g., food, beverage, gift shop, etc. The perishable nature of food products necessitates high turnover. Inventory turnover is calculated in the following way:

$$\frac{\text{Cost of Sales for period}}{\text{Average Inventory for period}} = \text{Inventory Turnover}$$

The average inventory is usually the sum of the beginning and ending inventories divided by two.

Income and Operating Statement Analysis

Other ratios which can be developed and are often used to compare and measure profitability and efficiency are:

House Profit[1] Percentage

$$= \frac{\text{House Profit}}{\text{Total Sales (rooms, food, beverage, other)}} \times 100$$

Sales Per Room

$$= \frac{\text{Total Room Sales}}{\text{Number of Rooms Available}}$$

Income[2] Per Room

$$= \frac{\text{Net Income}}{\text{Number of Rooms}}$$

Sales Per Seat

$$= \frac{\text{Food or Beverage or Total Restaurant Sales}}{\text{Number of Seats in Restaurant}}$$

Sales Per Employee

$$= \frac{\text{Total Sales or Food or Beverage or Room Sales}}{\text{Number of Employees (full time equivalent)}}$$

Employee Productivity Index

$$= \frac{\text{Total Sales}}{\text{Total Wages and Benefits}}$$

There are a great number of other ratios and percentages that can be calculated. Only statistics which are relevant and useful for the particular operation should be developed. Ratios are most useful when compared to industry standards, other competitive operations, previous experience or budgeted figures.

1) See Glossary.
2) Before depreciation, amortization.

Notes

Budgeting

A budget is a plan of operations–a profit plan for the next year or season. It is one of the most effective tools for planning and controlling a business. It enables you to run your business, not be run by it.

- Budgets help to analyze and assess alternatives prior to adopting a particular course of action.
- Budgets provide standards of comparison for day-to-day operational control and evaluation.
- Budgets help to anticipate and prepare for future conditions.
- Budgets provide the expense estimates necessary for rate determination.

Annual budgets should be prepared before the year or season commences. Many businessmen maintain that the value of budgets lies not in having them, but in preparing them.

The first step in budget preparation is to develop a written formal statement of the goals and objectives for the budget period. This statement will include all the assumptions used in goal setting and budget preparation, e.g., economic factors, projected cost increases. This vital first step provides the frame of reference for the entire budgeting process.

Given this set of formal assumptions, the level of expected sales can be forecast. The accuracy of these estimates greatly affects the reliability of the entire budget. All further budget calculations will be based on these original estimates.

Start with sales trends from the past years' operations. Sales should be broken down by department–rooms, food, beverage, gift shop, etc. Then, consider all factors which will affect sales for the coming budget period. Specifically, you should consider:

(i) **Current year's operations**–A review of the current year's operations will highlight items of continuing significance that will affect operations in the coming budget period, e.g., rate changes, additions to facilities, etc. If you made a sales forecast for last year, you were probably off to some extent; consider the reasons for not meeting, or, better yet, exceeding last year's forecast.

(ii) **General Business and Economic Conditions**–Business and economic conditions in the immediate area should be studied to determine their impact on the operation for the coming budget period, e.g. Department of Tourism announcements concerning upcoming trends in tourist traffic. After reviewing conditions, develop strategies to capitalize on a favourable climate or to offset an adverse climate.

(iii) **Competitive Situation**–The current and future competitive situation in your area must be considered to determine its impact on sales. Competition from other accommodation or food and beverage facilities should be fully recognized when projecting operating values. If your operation offers a wide variety of services, the competition *in each service area* must be separately analyzed. Here, as with the economic conditions mentioned above, you and your staff must outline a plan to meet and/or overcome new competitive actions.

After completing the above, the following schedules should be prepared:

- Pre-opening Expenses (Seasonal Operation only)
- Operating Plan by Department
- Capital Expenditures
- Cash Flow–Borrowing Plan

Pre-Opening Expenses (Seasonal Operations Only)

Pre-opening expenses are those expenses incurred prior to the date actual sales commence. In a seasonal operation it is advisable for the larger operator to list these expenses separately in order to accurately determine the operating efficiency during the actual season.

The following should be included in pre-opening expenses:

(a) All salaries incurred during this period. For simplicity, you may omit the salaries of those hired a few days prior to opening.

(b) Marketing Expenses–all advertising and/or sales promotion undertaken during this period.

(c) Property Operation, Maintenance and Energy Costs–should include only those costs required to keep the operation in working order during the period the operation is closed.

Operating Plans by Department

For each department, you must devise an operating plan–your strategy to achieve the objectives set for that department. The cornerstone for your plan will be the sales forecast. Using this forecast, staff schedules and budgets can be prepared. For seasonal operations with on-premise staff, schedules cannot usually be tailored to fit short run fluctuations in volume. However, the total number of employees required to satisfy the highest possible volume should be documented.

Each activity performed within a department should be critically evaluated to determine its cost, its benefit to your operation, and the costs of excluding that activity. The working papers of a simplified annual budget for a rooms-only accommodation facility follow.

Although each individual revenue or expense should be analyzed separately, only the major revenue and expense categories are presented in this example.

Revenues	Last Year	This Year	Change	Percent Change
Guest Room	$68,900	$83,000	$14,100	20%
Telephone	2,000	2,500	500	25
Other Income	3,000	3,500	500	17
Total	73,900	89,000	15,100	20
Expenses				
Payroll	$23,600	$25,500	$ 1,900	8%
Other Direct Expenses	6,100	7,600	1,500	25
Administrative & General	6,600	7,600	1,000	15
Marketing	2,000	4,000	2,000	100
Energy	4,500	5,600	1,100	24
Property Operation & Maintenance	4,000	5,200	1,200	30
Rent, Property Taxes & Insurance	4,000	4,400	400	10
Interest Expense	100	100	0	0
Total	50,900	60,000	9,100	18
Income (1)	$23,000	$29,000	$ 6,000	26%

(1) Before depreciation and amortization and income taxes.

Sample: In this instance, the operator reviews his operating statistics and determines that last year the average occupancy was 53 per cent at an average room rate of $17.80. This year his average room rate had risen to $19.25 as a result of rate increases planned by him; and occupancy had risen to 59 per cent. For the upcoming year the operator has determined that tourist traffic is projected to increase by 10 per cent, and as he is full a large portion of the summer, he believes that tourist demand for his property will only increase by 8 per cent. He has also determined that past marketing efforts have been successful and additional expenditures should increase other segments of demand by 8 per cent. Accordingly, an 8 per cent increase in occupancy is anticipated (to 64 per cent). Market factors and anticipated expense increases indicate to the operator that room rates should be increased by an average of 6 per cent. As a result of the analysis the operator determines revenue to be:

- 20 rooms X 365 days X $20.40 per occupied room X 64 per cent occupancy = $95,300

Other revenues and expenses are also analyzed and evaluated to arrive at the annual budget. Valuable calculations for budgeting analysis include:

- Calculating expenses on the basis of cost per available room and cost per occupied room;
- Calculating expenses as a percentage of sales;
- Analyzing projected inflation by item, i.e., announced utility increases, etc.

Capital Expenditures

Proposed capital expenditures should be prepared in the following form:

(a) Operating Equipment–Replacements of china, silver, linen, uniforms and glasswear should be listed. Use physical inventory counts to determine current stock levels and approximate consumption for last year. Indicate the cost and timing for each replacement.

(b) Replacement of and Additions to Furniture, Fixtures and Equipment–All items should be listed.

(c) Alterations and/or Additions to the Facilities–Outline proposed alterations, renovations and additions.

When all activities in the capital budget plan have been described, you should:

(a) List all items numerically, starting with the most expensive item.

(b) Give detailed descriptions and specifications of items or work to be done.

(c) List preferred suppliers or makes; obtain price quotations.

Cash Flow Borrowing Plan

A borrowing plan can be of critical importance to many operators. Knowing well in advance when money must be borrowed can save much worry and embarrassment and can result in lower bank charges. For instance, the monthly budget for the rooms-only accommodation facility (mentioned previously) is summarized below:

	Revenue	Expenses	Operating Cash Flow	Capital Expen-tures	Cash On Hand
Opening Balance					$5,000
January	$ 2,000	$ 3,000	(1,000)		4,000
February	4,000	3,500	500		4,500
March	8,000	11,700	(3,700)		800
April	6,500	5,500	1,000		1,800
May	8,500	8,800	(300)	7,000	(5,500)
June	11,000	5,000	6,000		500
July	13,000	5,500	7,500		8,000
August	14,000	5,000	9,000		17,000
September	13,500	4,500	9,000		26,000
October	10,000	4,000	6,000		32,000
November	7,000	3,500	3,500		35,500
December	1,500	3,000	(1,500)		34,000
Total	$99,000	$63,000	$36,000		

Example: In this instance the operator can see that, even before drawing any funds for his wife or himself, he will be short of cash in May. Note he expects to have $5,000 on hand at the end of the previous year and has provided for income tax payments in March and a property tax payment in May. After providing for his own cash requirements there is every likelihood that he will need to borrow money at the beginning of March and will not be able to pay it back before July and, with this knowledge, he can discuss the best approach with his banker well in advance of March.

Preparing the Master Plan

The master plan comprises all the individual plans, budgets and schedules described above. This plan, when finished, will be identical in format to the financial statement.

Budgets are simply tools for planning and control. You are not expected to forecast your revenues and expenses precisely. Think of budgets as a plan of operations, not as a binding rule to live by. Remember, budgets are not carved in stone–you can and should update and correct them as the year progresses. Each time you prepare a budget you will find the task easier, and the results more accurate. The sooner you start budgeting, the sooner you will gain the benefits of this valuable management tool.

Zero Base Budgeting

Zero base budgeting is a technique with valuable applications in the hospitality industry. With this technique, each expense should be reviewed, starting from base zero to create a new and better set of allocations for the upcoming budget period.

The basic framework of zero base budgeting is the "Decision Package". Each activity or expenditure is outlined in such a manner that you can:

(a) Evaluate it and rank it against similar or competing activities.

(b) Decide which activity provides the best value.

For each activity determine:

- the cost of performing the activity.
- the benefits associated with the activity.
- the costs or ramifications associated with not performing the activity.

Zero base budgeting possesses all the advantages listed for regular budgeting, plus one other: it can eliminate outdated or ineffectual programs and activities by forcing one to critically evaluate the costs and benefits associated with the activity, and the ramifications of eliminating the activity. For instance, many restaurant operators place advertisements in area newspapers year after year without ever considering whether or not they receive any benefit from the ads. The essence of zero base budgeting is to determine whether or not these ads can be eliminated.

Zero base budgeting is also applicable to service functions such as cleaning, maid service, food service, etc. In such functions it is possible to determine the benefits associated with different levels of performance or service. However, you should not feel compelled to adopt zero base budgeting throughout your organization. Instead, go slowly, and gradually adopt the technique in those areas where you feel it will be a valuable tool for planning and control.

Notes

Break-Even Analysis

In every business, there are primarily two types of costs, fixed and variable.

Fixed costs are those that do not change over a wide range of sales volume. They are the unavoidable costs of being open for business, regardless of how many customers you have. Examples are rent, depreciation, fixed salaries, property taxes, etc.

Variable costs are those costs that vary in direct proportion to sales. Examples are supplies, overtime wages and raw food items. Many costs are, in fact, semi-variable–they have a fixed portion, representing the minimum requirement, plus a variable portion which changes with sales. An example might be maids' wages–a minimum staff must be on hand at all times with additional maids added during busy periods.

You should go through your income statement and classify all costs as fixed or variable. For semi-variable costs, break them down into their two components and distribute accordingly. You can now determine your total fixed costs and your variable cost percentage. Given this information, you can calculate the break-even point, which is the sales volume necessary to just cover expenses.

Example: A property with 25 rooms has an average room rate of $16.00. Fixed costs total $42,000 and the variable costs are $6.40 or 40 per cent of the average room rate.

What volume of sales must be achieved to just cover all expenses?

The difference between the unit selling price (average room rate) and the variable costs per unit is called the unit contribution margin. In this example, the unit or per room contribution margin is $16.00 – $6.40 = $9.60 or 60 per cent of the average room rate.

The Break-even Point (in dollars):

$$= \frac{\text{Fixed Costs}}{100\% - \%\ \text{Variable Costs}}$$

$$= \frac{\$42{,}000}{100\% - 40\%}$$

= $70,000.

The Break-even Point (in rooms sold):

$$= \frac{\text{Fixed Costs}}{\text{Room Rate} - \text{Variable Cost per Room}}$$

$$= \frac{\$42{,}000}{\$9.60 \text{ per room}}$$

= 4,375 rooms.

Checking back, we can see that 4,375 rooms sold at $16.00 per room generates total sales of $70,000.

You can also use break-even analysis to determine the effect of changing the average room rate.

Example: If the average room rate changes from $16.00 to $15.00 what level of occupancy is now required to break even?

Room sales required (in units):

$$= \frac{42{,}000}{\text{Room rate} - \text{variable costs per room}}$$

$$= \frac{42{,}000}{8.60}$$

= 4,884 (up from 4,375)

Occupancy rate:

$$= \frac{4{,}884}{9{,}125} \times 100$$

= 53.52% (up from 47.95%)

By lowering the room rate $1.00, an additional 509 rooms per year must be sold just to break even.

Determining Room Rates

Finding the correct room rate is vital to the success of any lodging operation. Many business failures can be traced to charging the wrong rate–either too high to be competitive, or too low to cover all costs.

Perhaps the most common way of determining room rates is on a "me too" basis. Rates are set at whatever level the competitor is charging. This method has two drawbacks:

1. Your property will not be identical to your competitor's. (Your competitor may be losing money so why copy him.)
2. The method does not consider the fixed and variable costs involved in running your operation.

There are two underlying principles to be followed when establishing room rates. First, you must be "customer oriented." You should charge what you feel the room is worth in today's markets, i.e., what the guest is willing to pay. Secondly, you should ensure that your rates will cover your variable costs, overhead, and a fair return on your investment. Break-even analysis will help in this task.

The income approach to determining room rates, using the formula for break-even analysis, is called the "Hubbart Formula." It can easily be used by existing hotels and by new facilities based on assumed levels of operating and fixed expenses and a desired return on investment. A summarized version is shown in Figure 2–13. The full formula would invoke all accounts shown on the income statement.

There is no simple answer to pricing of hotel rooms. Hotels and motels sell both products and services, and production and consumption occurs almost simultaneously. Accommodation industry operators often tend to accept rules of thumb and simple formulae as solutions to complex problems. In the search for quick solutions, problems tend to be oversimplified.

If you find that you cannot charge the rate which you require in order to cover your costs, you either have to reduce your variable costs or package your product in a way that guests are willing to pay more for the "experience" of hospitality in your facility.

Hubbart Formula for Average Room Rate Calculations

Total Investment	$580,000
Financing of Investment	
Equity 40%	232,000
Debt 60% at 11% interest	348,000
	$580,000
Projected Number of Rooms Occupied (65% occupancy)	11,863
Desired Return on Equity (14%)	$ 32,500
Income Taxes at (27%)	12,000
Required Profit Before Income Tax	44,500
Interest Expense	38,300
Required Profit Before Interest and Income Tax	82,800
Estimated Depreciation, Municipal Taxes and Insurance	25,000
Required House Profit	107,800
Operating Expenses (60% of Revenue)	160,000
Required Revenue	$267,800
Required Average Room Rate ($267,800 ÷ 11,863) =	$22.57

Assumptions:

- 50 rooms with no food and beverage
- A total investment of $580,000 ($11,600 per room)
- Projected occupancy of 65%
- Operating expenses equal to 60% of revenue.

Notes

Notes

Fixed Assets

In the business world, fixed assets are the tools required to operate an enterprise. Fixed assets of hospitality industry enterprises range from land, building, leasehold improvements, etc., to spoons, plates and bedsheets. In hospitality industry enterprises, fixed assets frequently comprise up to 90 per cent of the total value of assets, which emphasizes the need for proper accounting of these items. The following are some thoughts on the valuing of various types of fixed assets in the hospitality industry.

Depreciation

Depreciation is generally defined as a loss in value caused by physical deterioration of an asset. Since depreciation is recognized as a business expense which reduces net taxable income, tax laws define depreciation allowances and rates.

The balance sheet of an enterprise usually shows the value of the fixed assets less accumulated depreciation. The accumulated depreciation is that amount which has been calculated according to recognized industry standards in accordance with tax law requirements. This calculation should be done only in co-operation with a knowledgeable tax accountant.

Other factors influencing the value of a business are functional and economical obsolescence. Very rarely are these factors adequately defined in the balance sheet; however, they are important for the hospitality industry as explained under the heading "Value of Business" later on in this chapter.

Useful Life

Depreciation allowances usually are determined by the useful life of an asset. Most hospitality operators take the cost value of furniture, fixtures and equipment and depreciate it in total, a method which is simple, but not in step with reality. As a management guideline, the following are generally accepted life spans for various types of assets:

Guest room furniture	12 years
Springs, Mattresses	9 years
Blankets	6 years
Carpets, Rugs	6 years
Kitchen Equipment	12 years
Laundry Machinery	15 years
Curtains	4 years
Office Equipment	10 years

China, Glass, Silver, Linen

Most operators in this industry realize the value of physical inventories for food and beverage items. Very few, however, take regular inventories of their operating supplies, although there is a cost-sales relationship with regard to these items. Every time a meal is served, every time a room is rented, it costs the operator money through the use of operating supplies. Since it is often impossible to determine the age of operating supplies because new is mixed with old, value is generally calculated based on the age of the facility. The following chart outlines a valuation guideline:

Depreciated Value of Equipment in Use – % of Cost

At the End of	China	Glass	Silver	Linen
1st year	95%	100%	90%	83 1/2%
2nd year	90%	100%	80%	66 2/3%
3rd year	85%	100%	70%	50%
4th year	80%	100%	60%	50%
5th year and over	75%	100%	50%	50%

Replacements of Operating Supplies should be based on physical inventories. First, one has to establish a "par stock" and, although exact requirements differ from facility to facility, the following are generally accepted guidelines.

Linens–3 x requirement (1 piece in use, 1 piece in storage, 1 piece in laundry)
China, Glass, Silver–3 x setting

In order to avoid distortions of monthly statements in income, the anticipated replacement costs should be annualized and distributed in equal monthly portions on the statement. If, for example, a restaurant did $100,000 business during the last few years and purchased glasses in the value of $1,000 in the same period, a replacement cost of one per cent of revenue should be budgeted. Actual purchases are charged against the replacement account and are adjusted at the end of the year.

Replacement of china, glass, silver and linen are necessary expenses in operating a hospitality facility. Owners and operators who fail to replace inventories to the amount of the original par stock, or who fail to recognize that the value of the stock decreases through use, do not charge the operation the true cost of doing business.

Value of Business

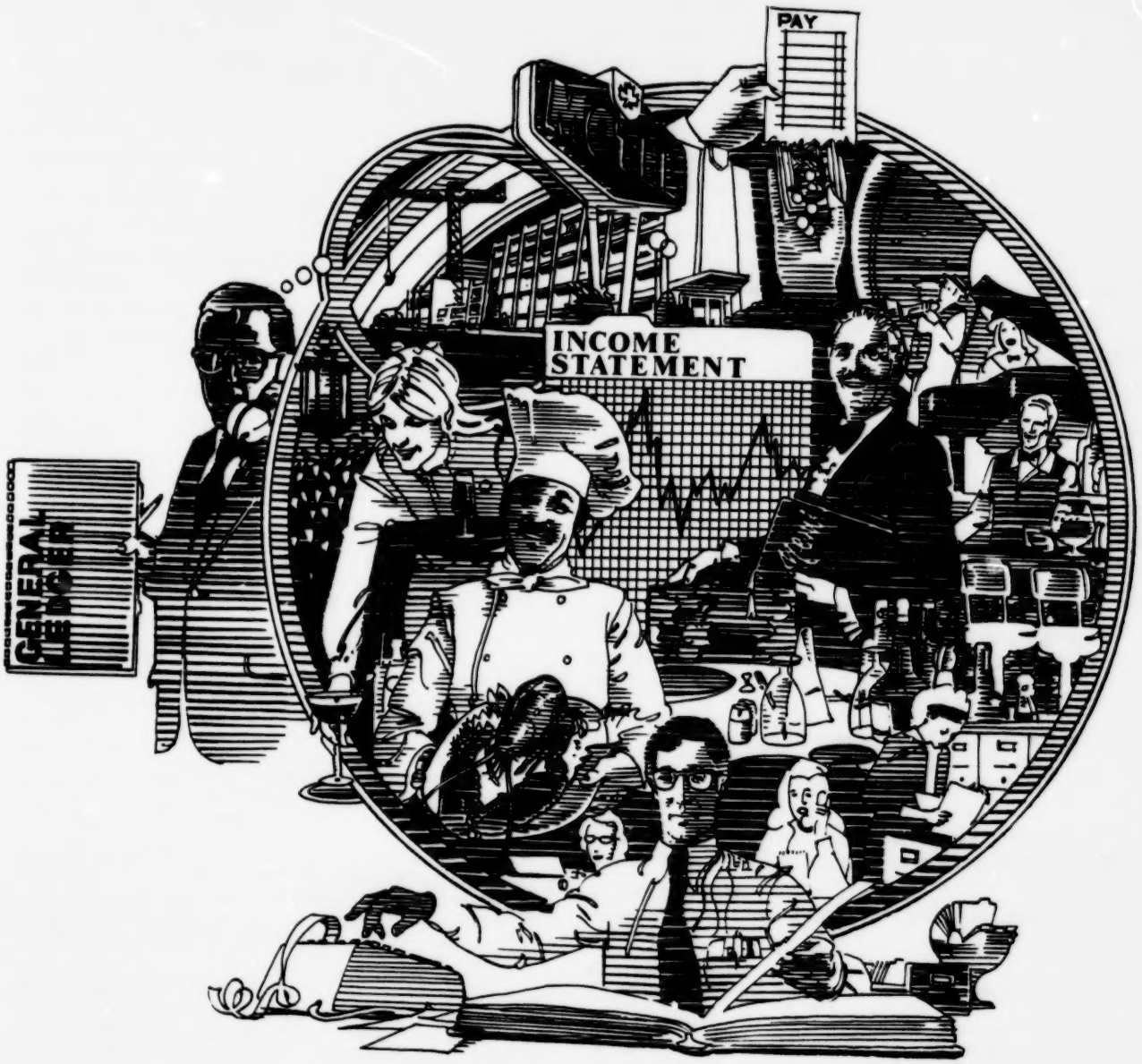
In the hospitality industry the value of the business and the value indicated on the balance sheet are figures with little relationship. Many owners are quite willing to argue that the business should be worth more than stated on the balance sheet; after all, depreciation has reduced the value while, at the same time, construction costs have increased. Value of business and replacement costs are two very different items, a fact which should be of concern to all operators. Assuming that a restaurant which was built for $50,000 10 years ago was to be built today, construction costs could be expected to be at least double. This does not mean the restaurant is worth $100,000, it could be worth less than $50,000. Today's value of a facility is determined more by its earning capacity than by its replacement value.

Accommodation and restaurant facilities, generally, are one-purpose structures and subject to rapid obsolescence. Take for example a resort which was built 10 years ago. Structurally it may be sound but its value may be close to zero because its beaches have become polluted, a new road reroutes passing traffic and its rooms no longer meet today's consumer tastes. In short, nobody wants to stay in it and, therefore, it has little value.

Very rarely are actual valuations as clear-cut as the example; owners and operators must be aware that they cannot count on ever-increasing values for their facility on the premise that it would cost more to replace it today.

Notes

Book 3
Glossary



Glossary of Terms

Accounting
The process of recording, classifying and summarizing financial transactions.

Accounts receivable
Amounts due to the business from guests, customers, credit card companies, etc.

Administrative and general
A category of operating expenses which includes office expenses, legal and professional fees and similar items which are not charged to the various operated departments.

After-departure charge
A guest's charge (restaurant, telephone, or similar) which doesn't appear on his account when he checks out. Also known as a Late Charge.

American plan
A type of rate which includes the price of the room, breakfast, dinner and supper. Commonly abbreviated as A.P.

Assets
Tangible and intangible items of value owned by the enterprise.

Available rooms
The total number of rooms in a hotel, less those permanently used for some purposes other than guest occupancy.

Average daily rate (per occupied room)
The total guest room revenue for a given period divided by the number of rooms occupied during the same period. Since it can be related to investment, this statistic is frequently used as a measure of economic feasibility.

Average room rate

$$\frac{\text{Room sales during the period}}{\text{Rooms occupied during the period}}$$

This is the average of room charges made for rooms sold during the period.

Balance sheet
The financial statement which shows an enterprise's financial position–its assets, liabilities and shareholders' equity.

Bank Card
Credit Card issued by a Chartered Bank. Bank Card Payments are deposited directly into a bank account and are not treated as receivables.

Beverage sales
Revenue from the sale of alcoholic beverages, including beer and table wines, and soft drinks dispensed at the bar. Revenue from minimum charges, cover charges, room rentals, and corkage, is not included.

Beverage sales, cost of
The cost of all ingredients used to make the drinks included in beverage sales, after adjustment for transfers to the food department. The beverage cost is commonly expressed as a percentage of sales.

Bookkeeping
The recording of transactions in the books of account.

Capital
The investment by the owners of a business (Shareholders' Equity).

Cheque List
A form used to record pertinent information of all cheques received.

Checker
An employee stationed in the kitchen or bar, whose primary responsibilities are to control issuance of checks to waiters and to record all charges on guest checks.

City ledger
A caption used for all trade accounts receivable other than active guest accounts, including those for departed guests and local persons and accounts with credit card companies.

Commercial rate
A special reduced room charge given to commercial travellers and certain companies as acknowledgement of their value to your business.

Commissions on credit card charges
A fee paid to credit card companies based on a contracted percentage of credit card charges accepted.

Commission, travel agents
A fee paid to travel agents for referring guests to the hotel.

Complimentary room
An occupied guest room for which no charge is made.

Convenience Food
A food item whose condition greatly simplifies preparation and portion control. It may be fresh, frozen, dried or canned.

Correction sheet
A form used daily to record each posting error made with the front office posting machine.

Coupon, travel agent's
A form filled out by a travel agent setting forth all pertinent information for each room reservation to avoid misunderstanding between the hotel and the guest.

Cover
A unit of food service provided to a customer. This is not synonymous with "meal" because a food cover may comprise only a cup of coffee or a bowl of soup.

Credit
An entry on the right hand side of an account recording a liability, revenue, or the reduction of an asset or an expense.

Current assets
Assets that can be expected to be turned into cash in the coming year.

Current liabilities
Obligations that will have to be met in the coming year.

Daily report
A management report prepared daily by the night auditor. The report's content varies, but will usually include: (1) source and summary of sales, (2) room statistics, (3) summary of cash receipts, (4) bank account analysis, and (5) account receivable analysis.

Daily room count report
A form prepared daily by the night room clerk, from the room rack, which indicates: (1) the number of occupied rooms, (2) number of persons in each room, and (3) the rate charged for each room.

Day rate
A reduced rate granted for the use of a guest room during the daytime–not overnight occupancy. Specified examples are: use of a guest room by someone as a display room or office, or for persons delayed at transportation terminals by weather or missed connections.

Debt equity ratio

$$\frac{\text{Long term debt}}{\text{Owner's equity}}$$

This is a measure of the investment of outsiders as compared to investment by the owners of a business.

Debit
An entry on the left hand side of an account recording an asset, expense or the reduction of a liability or revenue.

Depreciation
The decline in the value of a fixed asset due to wear and tear, deterioration and obsolescence. The accounting charge made with the intention of apportioning the cost of the asset over its useful life.

D.N.S.
An abbreviation for "Did Not Stay", used to indicate a registered guest who decided not to stay at the hotel.

Double (room) occupancy, percentage of
The percentage of rooms occupied by more than one person. It is computed as follows:

$$\frac{\text{Total No. of guests} - \text{Total No. of Rooms occupied}}{\text{Total No. of Rooms occupied}} \times 100$$

Employees' meals
The cost of the food provided to hotel employees which is usually allocated as a departmental expense.

European plan
A type of rate which consists of the price of the room only. Commonly abbreviated as E.P.

Expense and payroll dictionary
A reference book designed to assist in expense classifications in accordance with the Uniform System of Accounts.

Fixed assets
Assets which are used by the business over many accounting periods (e.g., buildings, furniture).

Food and beverage control
The term applied to the system of internal control over food and beverage merchandise and the revenue derived from its sale.

Food sales
Revenue from the sale of food served to guests. Revenue from cover charges, room service fees, and room rentals is not included.

Food sales, cost of
The cost of all ingredients used in the preparation of food served to guests, after adjustments for the cost of employees' meals and house charges. Food cost is commonly expressed as a percentage of food sales.

Forfeited deposit
A reservation deposit which is retained by the hotel if the guest does not cancel his room reservation within the prescribed time.

Front office
The office situation in the lobby, of which the main functions are: (1) control and sale of guest rooms, (2) key, mail and information service for guests, (3) keep guest accounts, render bills and receive payments, and (4) provide information to other departments.

Full house
A hotel with all guest rooms occupied.

Function
A pre-arranged, catered, group activity usually held in a private room or area. It may be a cocktail party only or it may be a banquet, which includes food service.

Function room
A special room which is used primarily for private parties, banquets, and meetings. Also called Banquet Room.

Guest account
An itemized record of a guest's charges and credits which is maintained in the front office until departure. Also referred to as Guest Bill, Guest Folio and Guest Statement.

Guest check
The invoice presented to restaurant and bar patrons for food and beverages consumed. Also referred to as Waiter's Check or Restaurant Check.

Guest ledger
The caption used for trade accounts receivable of guests in the hotel. These accounts are generally maintained in the front office and must be up-dated throughout the day to avoid undue delay when a guest checks out.

House
A synonym for hotel commonly used within the industry. Examples are: full house, house banks, and house charge.

House bank
A cash fund in the custody of a cashier used for making change. The fund may also be used for disbursements and cheque-cashing as authorized by management.

House laundry
A laundry operated within and by the hotel. The house laundry expenses are accumulated as a separate department, but the total is redistributed to the departments serviced, based on various formulas.

House profit
A term used in accommodation operations to indicate income before fixed charges.

Housekeeper's report
A report prepared each morning by a housekeeper based on an inspection of each room by the maids to indicate whether a guest room was occupied or vacant the previous night.

Income statement
A summary of revenue and expenses, sometimes called the profit and loss statement.

Information rack
A visible alphabetical index of guests in the hotel, used at the telephone switchboard and in the front office to facilitate delivery of mail and messages.

Linen control sheet
A record kept by the housekeeper of all linen and uniforms sent to and received from the laundry to account for shortages and damages.

Liquid assets
Assets which are cash or can be readily converted to cash.

Long term liabilities
Usually written obligations to repay a certain sum of money at a specific time with interest at a stated rate. Usually liabilities falling due later than one year after the balance sheet date.

Maid's report
A form used daily by each maid to report to the housekeeper the status of each guest room based on inspection. The Housekeeper's Report is prepared from all of the maids' reports.

Mail and key rack
A series of pigeon-holes, one for each guest room bearing its number, used to hold the room key and guest's mail. In addition, a series of alphabetized pigeon-holes is used to hold mail for expected guests.

Marketing
A category of operating expense which includes all activities (advertising, promotion, etc.) designed to identify the customer, attract his attention and retain his business.

Master account
The guest account for a particular group or function that will be paid by the sponsoring organization. (See Guest Account.)

Minimum charge
The minimum amount that each customer must pay regardless of the actual charges for drinks or food consumed.

Modified American Plan
A type of rate which includes the price of the room, breakfast, and dinner. Commonly abbreviated as M.A.P.

Motor hotel
A full-service hotel for motorists.

Night audit
Performed daily to verify that all guest ledger transactions are properly recorded.

Occupancy cost
Heading for a group of expenses which generally include rent, property taxes, insurance, interest, depreciation and amortization.

Occupancy rate

$$\frac{\text{Rooms occupied during the period}}{\text{Rooms available during the period}}$$

Off-season
A term used by resort hotel operators that refers to the period of the year other than the prime tourist season.

Officer's check
A special type of restaurant check used for free meals served to hotel staff in a public room.

On-change
A guest room which has been vacated but not yet cleaned and made up for the next guest.

Operated department
A revenue or cost centre operated and controlled by the hotel.

Operating equipment
Linen, china, glassware and silverware. Some hotels also include utensils and uniforms in this category of assets. These items are usually distinguished from other fixed assets because: (1) of the relatively short life, (2) of their susceptibility to breakage and pilferage, and (3) their book values are usually based on periodic physical inventories.

Operating ledger
That section of the general ledger which includes the income and expense accounts.

Other income
Miscellaneous revenue such as cash discounts and salvage.

Out-of-order
A guest room which is temporarily unsuitable for occupancy and is not to be sold. Generally used to designate rooms being redecorated or those in which some maintenance work is being performed.

Over-book
Accepting reservations for more guest rooms than there are available.

Package tour
A vacation plan arranged by tour operators (wholesalers) which provides all or most of the required services, such as transportation, hotel room and meals for a flat amount.

Permanent guest
A non-transient hotel guest who is on a lease, or month-to-month basis.

Pre-register
To register a guest before he checks into the hotel. This is done for persons attending conventions and other organized groups expected to arrive at about the same time, to reduce delay and confusion at the registration desk.

Prime cost
The combination of payroll and cost of merchandise sold used as a standard guideline in food service operations.

Property operation, maintenance and energy costs
A category of operating expenses which includes the costs of all utilities and energy, heat, light, water, power, repairs and maintenance, i.e., all costs associated with operating and maintaining the property.

Registration card
A form used by an arriving guest to record his name and address which the room clerk completes as to room number, rate and length of stay.

Reservation deposit
An advance payment required to obtain a confirmed guest room or function room reservation.

Resort hotel
A hotel which caters mainly to vacationers, usually offering more recreational facilities than other hotels.

Room change slip
A form filled out by the room clerk whenever there is a change in the status of a guest room other than a new registration or a vacated room.

Room rack
A special rack with drop-pockets, one for each guest room bearing the corresponding room number. Its purpose is to provide a visible index of the exact status of each guest room at all times.

Room rack card
A paper card or slip inserted in the appropriate pocket of the room rack when a room is sold. The card should show: (1) room number, (2) guest's name, (3) city of residence, (4) number of persons occupying the room, (5) daily rate, and (6) arrival and expected departure dates.

Room rate and inventory card
A card for each guest room which remains permanently in the room rack. It should show the fixed rate structure, bed capacity and other pertinent information.

Room service
Food or beverages served in a guest's room.

Rooming slip
A form filled out by the room clerk for each registered guest showing name, room number and rate. A copy is given to ensure that there are no errors in his registration.

Skip
A guest who departs without checking out at the front desk and paying his bill.

Telephone traffic sheets
A form used by the telephone switchboard operators to record all telephone calls.

Transcript
The daily recapitulation of the guest ledger, balanced by the night auditor in a manual system. Serves the same purpose as the "D" Card in a mechanical system.

Undistributed Expenses
A group of operating expenses which are not distributed to the operated departments. The general captions for those expenses are: (1) Administrative and General, (2) Marketing, (3) Property Operation, Maintenance and Energy Costs.

Uniform System of Accounts for Hotels
A manual which outlines and describes the system of uniform classification of accounts for hotels which has been adopted widely.

Waiter's signature sheet
A form used by the food checker or cashier to control the issuance of guest checks to the waiters. Each waiter must sign for checks received (identified by number) and must account for their use.

Walk-in
A guest who arrives without a reservation.

Working capital
The excess of current assets over current liabilities (net current assets).

Notes

Notes

Expense Dictionary

Items	Rooms-Only Accommodation Facility	Full Service Accommodation Facility	Foodservice Facility
A			
Accountants' Fees	A&G*-Professional Fees	A&G-Professional Fees	A&G-Professional Fees
Adding Machine Paper	A&G-Prtg. Stat. & Postage	A&G-Prtg. & Stat.	A&G-Prtg. Stat. & Post.
Adding Machine-Service	POM&E-General Electrical & Mechanical Equipment	POM&E-GE&ME*	POM&E-General Maintenance and Upkeep
Advertising	Marketing-Advertising	Marketing-Advertising	Marketing
Advertising-Telephone Directories	Marketing-Advertising	Marketing-Advertising	Marketing
Air Cooling System Repairs	POM&E-General Electrical & Mechanical Equipment	POM&E-General Electrical & Mechanical Equipment	POM&E-General Maintenance and Upkeep
Air Mail Stickers	DOE-Guest Supplies	Rooms-Guest Supplies	
Alarm Service-Fire or Burglar	A&G-Misc.	A&G-Misc.	A&G-Misc.
Alcohol-Cooking Fuel		F&B-Kitchen Fuel	DOE-Kitchen Fuel
Alkalies (Water Softeners)	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Ammonia-Cleaning	DOE-Cleaning Supplies & Expenses	Rooms, Food & Beverage-Cleaning Supplies	DOE-Cleaning Supplies
Amortization-Leasehold & Improvement	Occupancy Costs-Amortization	Occupancy Costs-Amortization	Occupancy Costs-Amortization
Auto-Truck Repairs	POM&E-General Electrical & Mechanical Equipment	POM&E-GE&ME	POM&E-General Maintenance and Upkeep
Awning Repairs	POM&E-Building	POM&E-Building	POM&E-General Maintenance and Upkeep
Awnings-Cleaning	DOE-Cleaning Supplies and Expenses	Rooms, Food & Beverage-Cleaning Supplies & Expenses	DOE-Cleaning Supplies
B			
Bank Cheques	A&G-Prtg. Stat. & Post.	A&G-Printing, Stationary & Postage	A&G-Prtg. Stat. & Post.
Bank Exchange on Cheques & Currency	A&G-Bank Charges	A&G-Bank Charges	A&G-Bank Charges
Bar Appetizers		Beverage-Cost of Sales	Beverage-Cost of Sales
Bar Supplies		Food & Beverage-Misc.	DOE-Misc.
Bar Utensils		Food & Beverage-Utensils	DOE-Utensils
Basket Liners, Waste Paper	DOE-Cleaning Supplies & Expenses	Rooms-Cleaning Supplies & Expenses	DOE-Cleaning Supplies
Bathing Caps (Guest)	DOE-Guest Supplies	Rooms-Guest Supplies	
Bath Mats	DOE-Linen	Rooms-Linen	
Bath Room Glass Shelves	POM&E-Building	POM&E-Building	POM&E-Misc.
Batter Bowls		Food & Beverage-Utensils	DOE-Utensils
Batter Mixers		Food & Beverage-Utensils	DOE-Utensils
Batteries & Flashlights	POM&E-Misc.	POM&E-Misc.	POM&E-Misc.
Beaters		Food & Beverage-Utensils	DOE-Utensils
Bed Pads	DOE-Linen	Rooms-Linen	
Bedspreads	DOE-Linen	Rooms-Linen	

*POM&E-Property Operation, Maintenance & Energy Costs
*GE&ME-General Electrical & Mechanical Equipment
*DOE-Direct Operating Expenses
*A&G-Administrative & General Expenses

Items	Rooms-Only Accommodation Facility	Full Service Accommodation Facility	Foodservice Facility
Belts-Rubber	POM&E-General Electrical & Mechanical Equipment	POM&E-General Electrical & Mechanical Equipment	POM&E-Supplies
Beverage Licenses		F&B-Misc.	DOE-Licenses & Permits
Billboards	Marketing-Advertising	Marketing-Advertising	Marketing
Billing Machine Supplies	A&G-Prtg., Stat. & Post.	A&G-Printing, Stationery, & Postage	A&G-Prtg., Stat. & Post.
Bin Cards-Liquor		Food & Beverage-Paper & Guest Supplies	DOE-Paper Supplies
Blades-Razor (Guest)	DOE-Guest Supplies	Rooms-Guest Supplies	
Blankets	DOE-Linen	Rooms-Linen	
Blankets-Cleaning	DOE-Cleaning Supplies & Expenses	Rooms-Cleaning Supplies & Expenses	
Bleach	DOE-Laundry	House Laundry-Supplies	DOE-Laundry
Blinds	POM&E-Building	POM&E-Building	POM&E-General Maintenance and Upkeep
Blotters-Advertising	Marketing-Advertising	Marketing-Advertising	Marketing
Boiler Inspection	POM&E-Misc.	POM&E-Misc.	POM&E-General Maintenance and Upkeep
Boiler Repairs	POM&E-General Electrical & Mechanical Equipment	POM&E-General Electrical & Mechanical Equipment	POM&E-General Maintenance and Upkeep
Bonds-Fidelity	A&G-Insurance-General	A&G-Insurance-General	A&G-Insurance-General
Bonuses-Employees	Salaries & Wages	Rooms, Food & Beverage-Salaries & Wages	Salaries & Wages
Booklets-Advertising	Marketing-Advertising	Marketing-Advertising	Marketing
Books-Account	A&G-Prtg., Stat. & Post.	A&G-Prtg., Stat. & Post.	A&G-Prtg., Stat. & Post.
Books-Records	A&G-Prtg., Stat. & Post.	A&G-Prtg., Stat. & Post.	A&G-Prtg., Stat. & Post.
Books-Technical	A&G-Misc.	A&G-Misc.	A&G-Misc.
Buttons (Uniforms)	DOE-Uniforms	Rooms-Uniforms	DOE-Uniforms
Bottle Openers		Food & Beverage-Misc.	DOE-Misc.
Bottle Openers (Guest)	DOE-Guest Supplies	Rooms-Guest Supplies	
Bowls-Batter		F&B-Utensils	DOE-Utensils
Bowls-China		F&B-China, Glass & Silver	DOE-China, Glass & Silver
Bowls-Glass		F&B-China, Glass & Silver	DOE-China, Glass & Silver
Bowls-Mixing		F&B-Utensils	DOE-Utensils
Bowls-Salad		F&B-China, Glass & Silver	DOE-China, Glass & Silver
Bread & Butter Plates		F&B-China, Glass & Silver	DOE-China, Glass & Silver
Brochures	Marketing-Advertising	Marketing-Advertising	Marketing
Brooms	DOE-Cleaning Supplies	Rooms, Food & Beverage-Cleaning Supplies	DOE-Cleaning Supplies
Brushes-Cleaning	DOE-Cleaning Supplies	Rooms, Food & Beverage-Cleaning Supplies	DOE-Cleaning Supplies
Brushes-Paint	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Building Repairs	POM&E-Building	POM&E-Building	POM&E-General Maintenance and Upkeep
Burglar Alarm Service	A&G-Misc.	A&G-Misc.	A&G-Misc.
Business Cards	A&G-Prtg., Stat. & Post.	A&G-Prtg., Stat. & Post.	A&G-Prtg., Stat. & Post.
Business Promotion	Marketing-Promotion	Marketing-Promotion	Marketing
C			
Calendars	Marketing-Advertising	Marketing-Advertising	Marketing
Candles	DOE-Other Op. Exp.	Rooms-Other Op. Exp.	DOE-Other Op. Exp.
Can Openers		Food-Utensils	DOE-Utensils
Caps	DOE-Uniforms	Rooms; Food & Beverage-Uniforms	DOE-Uniforms

Items	Rooms-Only Accommodation Facility	Full Service Accommodation Facility	Foodservice Facility
Carafes		Food & Beverage–China, Glass and Silver	DOE–China, Glass & Silver
Carbonated Gas		Beverage–Cost of Sales	Beverage–Cost of Sales
Carbon Paper	A&G–Prtg., Stat. & Post.	A&G–Prtg. & Stationery	A&G–Prtg., Stat. & Post.
Carpet Repairs	POM&E–Building	POM&E–Building	POM&E–General Maintenance and Upkeep
Carpets & Rugs–Cleaning	DOE–Cleaning Supplies and Expenses	Rooms; Food & Beverage–Cleaning Supplies & Expenses	DOE–Cleaning Supplies & Expenses
Carpet Linings	POM&E–Building	POM&E–Building	POM&E–General Maintenance and Upkeep
Cash Overage & Shortage	A&G–Cash over & short	A&G–Cash over & short	A&G–Cash over & short
Cash Register–Repairs	POM&E–General Electrical & Mechanical Equipment	POM&E–General Electrical & Mechanical Equipment	POM&E–General Maintenance & Upkeep
Cash Register Supplies	A&G–Prtg., Stat. & Post.	A&G–Printing, Stationery, & Postage	A&G–Prtg., Stat. & Post.
Cash Reports	A&G–Prtg., Stat. & Post.	A&G–Prtg., Stat. & Post.	A&G–Prtg., Stat. & Post.
Cashier Sheets	A&G–Prtg., Stat. & Post.	A&G–Prtg., Stat. & Post.	A&G–Prtg., Stat. & Post.
Cement	POM&E–Building	POM&E–Building	POM&E–General Maintenance & Upkeep
Chair Rentals, Non-banquet	Rooms–Equipment Rental	Rooms–Equipment Rental	
Charcoal		Food & Beverage–Kitchen Fuel	DOE–Kitchen Fuel
Cheques–Bank	A&G–Prtg., Stat. &. Post.	A&G–Prtg., Stat. & Post.	A&G–Prtg., Stat. & Post.
Checks–Restaurant		Food & Beverage–Paper & Guest Supplies	DOE–Prtg., Stat. & Post.
Chemical–Laundry	DOE–Laundry	House Laundry–Supplies	DOE–Laundry
Chemicals–Fire Extinguisher	A&G–Misc.	A&G–Misc.	A&G–Misc.
Chemicals (Moth-proofing of carpets)	DOE–Cleaning Supplies & Expenses	Rooms; Food & Beverage–Cleaning Supplies & Expenses	DOE–Cleaning Supplies & Expenses
China		F&B–China, Glass & Silver	DOE–China, Glass & Silver
Chlorine	Recreation–Equip't & Supplies	Recreation–Equip't & Supplies	
Christmas Expense	A&G–Misc.	A&G–Misc.	A&G–Misc.
Christmas Presents & Gratuities (Other than Employees)	A&G–Misc.	A&G–Misc.	A&G–Misc.
Christmas Trees & Decorations	A&G–Misc.	Rooms; Food & Beverage–Misc.	A&G–Misc.
Circulars	Marketing–Advertising	Marketing–Advertising	Marketing
Cleaning Fluids	DOE–Cleaning Supplies & Expenses	Rooms; Food & Beverage–Cleaning Supplies & Exp.	DOE–Cleaning Supplies & Exp.
Cleaning Rags	DOE–Cleaning Supplies & Expenses	Rooms; Food & Beverage–Cleaning Supplies & Exp.	DOE–Cleaning Supplies & Exp.
Clips	A&G–Prtg., Stat. & Post.	A&G–Prtg., Stat. & Post.	A&G–Prtg., Stat. & Post.
Clothes Hangers Guest	DOE–Guest Supplies	Rooms–Guest Supplies	DOE–Guest Supplies
Clothing Repairs–Outside Establishments	A&G–Misc.	A&G–Misc.	A&G–Misc.

Items	Rooms-Only Accommodation Facility	Full Service Accommodation Facility	Foodservice Facility
Cocktail Napkins–Paper		Food & Beverage–Paper Supplies	DOE–Paper Supplies
Cocktail Shakers		F&B–China, Glass & Silver	DOE–China, Glass & Silver
Coffee Bags		F&B–Misc.	DOE–Misc.
Coffee Pots		F&B–China, Glass & Silver	DOE–China, Glass & Silver
Coffee Urn Repairs		POM&E–Kitchen	POM&E–General Maintenance & Upkeep
Colanders		F&B Utensils	DOE–Utensils
Collecting Guest Accounts	A&G–Credit and Collect.	A&G–Credit and Collect.	A&G–Credit & Collect.
Collection Fees	A&G–Credit and Collect.	A&G–Credit and Collect.	A&G–Credit & Collect.
Commissions–Credit Card Charge	A&G–Credit Card Commission	A&G–Credit Card Commission	A&G–Credit Card Commission
Commissions–Travel Agencies	DOE–Commissions	Rooms–Commissions	
Complimentary Entertaining at Motel	Marketing–Promotion	Marketing–Promotion	Marketing
Contract Cleaning	DOE–Contract Cleaning	Rooms–Contract Cleaning	DOE–Contract Cleaning
Contract Cleaning–Dining Rooms		F&B–Contract Cleaning	DOE–Contract Cleaning
Contributions	Marketing–Other Expense	Marketing–Other Expense	Marketing
Cooking Utensils (In Kitchenette Apts.)	DOE–Misc.	Rooms–Misc.	
Corkscrews		F&B–Utensils	DOE–Utensils
Creamers		F&B–China, Glass & Silver	DOE–China, Glass & Silver
Credit & Collection Expenses	A&G–Credit and Collect.	A&G–Credit and Collect.	A&G–Credit and Collect.
Credit Card Commissions	A&G–Credit Card Commissions	A&G–Credit Card Commissions	A&G–Credit Card Commissions
Cups		F&B–China, Glass & Silver	DOE–China, Glass & Silver
Cups–Paper		F&B–Paper Supplies	DOE–Paper Supplies
Curtain Cleaning	DOE–Cleaning Supplies & Expenses	Rooms; F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies &Expenses
Curtains–Shower	DOE–Linen	Rooms–Linen	
D			
Daily Reports	A&G–Prtg, Stat. & Post.	A&G–Prtg, Stat. & Post.	A&G–Prtg, Stat. & Post.
Decorating & Painting	POM&E–Building	POM&E–Building	POM&E–General Maintenance & Upkeep
Decorations	DOE–Misc.	Rooms; F&B–Misc.	DOE–Misc.
Deferred Finance Charges–Amortization	Occupancy–Amortization of Deferred Finance Charges	Occupancy–Amortization of Deferred Finance Charges	Occupancy–Amortization of Deferred Finance Charges
Delivery Charges on Beverages		Beverage–Cost of Sales	Beverage–Cost of Sales
Delivery Charges on Food		Food–Cost of Sales	Food–Cost of Sales
Deodorants	DOE–Cleaning Supplies & Expenses	Rooms; F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies & Expenses
Depreciation–Building	Occupancy Costs–Deprec.	Occupancy Costs–Depreciation of Building	Occupancy Costs–Deprec.
Depreciation–Equipment	Occupancy Costs–Deprec.	Occupancy Costs–Deprec. of Furniture & Equipment	Occupancy Costs–Deprec.

Items	Rooms-Only Accommodation Facility	Full Service Accommodation Facility	Foodservice Facility
Depreciation-Furniture	Occupancy Costs-Deprec.	Occupancy Costs-Deprec. of Furniture & Equipment	Occupancy Costs-Deprec.
Desk Pads-Guest	DOE-Guest Supplies	Rooms-Guest Supplies	
Detergents	DOE-Cleaning Supplies & Expenses	Rooms; F&B-Cleaning Supplies & Expenses	DOE-Cleaning Supplies & Exp.
Directional Signs (Inside Bldg.)	A&G-Misc.	Rooms; F&B-Misc.	A&G-Misc.
Directional Signs (Outside Bldg.)	Marketing-Advertising	Marketing-Advertising	Marketing
Directories-Rooms	DOE-Other Op. Exp.	Rooms-Other Op. Exp.	
Directors' Expense	A&G-Misc.	A&G-Misc.	A&G-Misc.
Directors' Fee	A&G-Misc.	A&G-Misc.	A&G-Misc.
Directory Advertising	Marketing-Advertising	Marketing-Advertising	Marketing
Dishes		F&B-China, Glass & Silver	DOE-China, Glass & Silver
Dishwasher Repairs		POM&E-Kitchen	POM&E-General Maintenance & Upkeep
Disinfectants	DOE-Cleaning Supplies & Expenses	Rooms; F&B-Cleaning Supplies & Expenses	DOE-Cleaning Supplies & Expenses
Disinfecting (On Contract)	DOE-Contract Cleaning	Rooms; F&B-Contract Cleaning	DOE-Contract Cleaning
Doilies-Paper		F&B-Paper Supplies	DOE-Paper Supplies
Donations	A&G-Misc.	A&G-Misc.	A&G-Misc.
Door Repairs	POM&E-Building	POM&E-Building	POM&E-General Maintenance & Upkeep
Doubtful Accounts -Provision for	A&G-Prov. for Doubtf. Accts.	A&G-Prov. for Doubtf. Accts.	A&G-Prov. for Doubtf. Accts.
Drapery Cleaning	DOE-Cleaning Supplies & Expenses	Rooms; F&B-Cleaning Supplies & Expenses	DOE-Cleaning Supplies & Expenses
Drapery Cords	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Drapery Linings	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Drapery Repairs	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Dresser Drawer Liners	DOE-Cleaning Supplies & Expenses	Rooms-Cleaning Supplies & Expenses	DOE-Cleaning Supplies & Expenses
Dresser Tops-Glass	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Dresser Tops-Linen	DOE-Linen	Rooms-Linen	
Dresser Trays-Glass	DOE-Other Op. Exp.	Rooms-Other Op. Exp.	
Dresses	DOE-Uniforms	Rooms; F&B; House Laundry-Uniforms	DOE-Uniforms
Drinking Glasses	DOE-Guest Supp.	Rooms-Guest Supp.; F&B-China, Glass & Silver	DOE-China, Glass & Silver
Dry Cleaning	DOE-Laundry & Dry Cl.	Rooms; F&B-Laundry & Dry Cl.	DOE-Laundry & Dry Cl.
Dues-Associations	A&G-Dues & Subscriptions	A&G-Dues & Subscriptions	A&G-Dues & Subscriptions
Dusters	DOE-Cleaning Supplies & Expenses	Rooms; F&B-Cleaning Supplies & Expenses	DOE-Cleaning Supplies & Exp.
Dust Pans	DOE-Cleaning Supplies & Expenses	Rooms; F&B-Cleaning Supplies & Expenses	DOE-Cleaning Supplies & Exp.
E			
Egg Beaters		F&B-Utensils	DOE-Utensils
Electrical & Mechanical Repairs	POM&E-General Electrical & Mechanical Equipment	POM&E-General Electrical & Mechanical Equipment	POM&E-General Maintenance & Upkeep
Electrical System Repairs	POM&E-General Electrical & Mechanical Equipment	POM&E-General Electric & Mechanical Equipment	POM&E-General Maintenance & Upkeep
Electric Bulbs	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies

Items	Rooms-Only Accommodation Facility	Full Service Accommodation Facility	Foodservice Facility
Electric Current	POM&E–Electricity	POM&E–Electricity	POM&E–Electricity
Electric Fan Repairs	POM&E–General Electrical & Mechanical Equipment	POM&E–General Electrical & Mechanical Equipment	POM&E–General Maintenance & Upkeep
Electric Fixture Repairs	POM&E–Building	POM&E–Building	POM&E–General Maintenance & Upkeep
Electric Sign Maintenance Contract	POM&E–General Electrical & Mechanical Equipment	POM&E–General Electrical & Mechanical Equipment	POM&E–General Maintenance & Upkeep
Electricity–Cooking		F&B–Kitchen Fuel	DOE–Kitchen Fuel
Electricity for Refrigeration (In Kitchenette Apts.)	DOE–Misc.	Rooms–Misc.	
Employee Relations Expense	Employee Benefits	Employee Benefits	Employee Benefits
Employee Transportation	DOE–Other Op. Exp.	Rooms; F&B–Other Op. Exp.	DOE–Other Op. Exp.
Employees' Lodging	Employee Benefits	Employee Benefits	Employee Benefits
Employees' Meals	Employee Benefits	Rooms; F&B; etc.–Employee Benefits	Employee Benefits
Entertainers–Professional		Music & Entertainment	Music & Entertainment
Entertaining–Complimentary at Hotel	Marketing–Promotional	Marketing–Promotional	Marketing
Entertainment & Music	DOE–Other Op. Exp.	F&B–Music & Entertainment	Music & Entertainment
Envelopes	A&G–Prtg., Stat. & Post.	A&G–Prtg. & Stat.	A&G–Prtg., Stat. & Post.
Envelopes–Guest	DOE–Guest Supplies	Rooms–Guest Supplies	
Exchange on Bank Cheques & Currency	A&G–Bank Charges	A&G–Bank Charges	A&G–Bank Charges
Exterminating (On Contract)	DOE–Contract Cleaning	Rooms; F&B–Contract Cleaning	DOE–Contract Cleaning
F			
Face Cloths (Guest)	DOE–Guest Supplies	Rooms–Guest Supplies	
Facial Tissues & Holders	DOE–Guest Supplies	Rooms–Guest Supplies	
Fan Repairs–Electric	POM&E–General Electrical & Mechanical Equipment	POM&E–General Electrical & Mechanical Equipment	POM&E–General Maintenance & Upkeep
File Cards	A&G–Prtg., Stat. & Post.	A&G–Prtg. & Stat.	A&G–Prtg., Stat. & Post.
Filter Paper		F&B–Paper Supplies	DOE–Paper Supplies
Fire Alarm Service	A&G–Misc.	A&G–Misc.	A&G–Misc.
Fire Axes	A&G–Misc.	A&G–Misc.	A&G–Misc.
Fire Extinguisher Chemicals	A&G–Misc.	A&G–Misc.	A&G–Misc.
Fire Hose Repairs	POM&E–Building	POM&E–Building	POM&E–General Maintenance & Upkeep
Firewood–Rooms & Lobby	DOE–Other Op. Exp.	Rooms–Other Op. Exp.	
First Aid Supplies	Employee Benefits	Employee Benefits	Employee Benefits
Floor Covering Repairs	POM&E–Building	POM&E–Building	POM&E–General Maintenance & Upkeep
Floor Polish	DOE–Cleaning Supplies & Expenses	Rooms; F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies & Expenses
Floor Repairs	POM&E–Building	POM&E–Building	POM&E–General Maintenance & Upkeep
Fluids–Cleaning	DOE–Cleaning Supplies & Expenses	Rooms; F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies & Expenses
Fly Paper	DOE–Cleaning Supplies & Expenses	Rooms; F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies & Expenses
Fly Swatters	DOE–Cleaning Supplies & Expenses	Rooms; F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies & Expenses
Foil Wrapping		F&B–Paper Supplies	DOE–Paper Supplies

Items	Rooms-Only Accommodation Facility	Full Service Accommodation Facility	Foodservice Facility
Food		Food–Cost of Sales	Food–Cost of Sales
Forks–Kitchen		F&B–Utensils	DOE–Utensils
Forks–Silver		F&B–Silver	DOE–Silver
Forms–Printed	A&G–Prtg, Stat. & Post.	A&G–Prtg. & Stat.	A&G–Prtg, Stat. & Post.
Franchise Fees	A&G–Misc.	A&G–Misc.	A&G–Misc.
Freight Charges	A&G–Misc.	A&G–Misc.	A&G–Misc.
Front Desk Signs	DOE–Other Op. Exp.	Rooms–Other Op. Exp.	
Fuel	POM&E–Fuel	POM&E–Fuel	POM&E–Fuel
Fuel for Cooking		F&B–Kitchen Fuel	DOE–Kitchen Fuel
Fuel–Gas	POM&E–Fuel	POM&E–Fuel	POM&E–Fuel
Fuel–Oil	POM&E–Fuel	POM&E–Fuel	POM&E–Fuel
Fumigation (On Contract)	DOE–Contract Cleaning	Rooms; F&B–Contract Cleaning	DOE–Contract Cleaning
Furniture Polish	DOE–Cleaning Supplies & Expenses	Rooms; F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies & Expenses
Furniture Rental (Public Rooms)	DOE–Other Op. Exp. Rent–Furnit. & Equip.	Rooms–Other Op. Exp. Rent–Furnit. & Equip.	DOE–Other Op. Exp. Rent–Furnit. & Equip.
Furniture Repairs	POM&E–Building	POM&E–Building	POM&E–General Maintenance & Upkeep
Fuses	POM&E–Supplies	POM&E–Supplies	POM&E–Supplies
G			
Garbage Cans	POM&E–Misc.	Food–Misc.; POM&E–Misc.	POM&E–Misc.
Garbage Removal	POM&E–Waste Removal	POM&E–Waste Removal	POM&E–Waste Removal
Garment Hangers (Guest)	DOE–Guest Supplies	Rooms–Guest Supplies	
Gas–Carbonated		Beverage–Cost of Sales	Beverage–Cost of Sales
Gas–Cooking		Food–Kitchen Fuel	DOE–Kitchen Fuel
Gas for Refrigeration	POM&E–Misc.	POM&E–Misc.	POM&E–Misc.
Gas–Fuel	POM&E–Fuel	POM&E–Fuel	POM&E–Fuel
Gasoline–Motor Vehicles	A&G–Travel Expenses	A&G–Travel Expenses	A&G–Travel Expenses
Generator Repairs	POM&E–General Electrical & Mechanical Equipment	POM&E–General Electrical & Mechanical Equipment	POM&E–General Maintenance & Upkeep
Glass–Dresser & Table Tops	POM&E–Supplies	POM&E–Supplies	POM&E–Supplies
Glassware	DOE–Guest Supplies	Rooms–Guest Supplies; F&B–China, Glass & Silver	DOE–China, Glass & Silver
Glassware–Liquor (Cocktail, Highball, Wine, etc.)		F&B–China, Glass & Silver	DOE–China, Glass & Silver
Glass Stirrers–Beverages		F&B–Other Op. Exp.	DOE–Other Op. Exp.
Grease	POM&E–Supplies	POM&E–Supplies	POM&E–Supplies
Greeting Cards	Marketing–Advertising	Marketing–Advertising	Marketing
Grounds Expense	POM&E–Grounds	POM&E–Grounds	POM&E–General Maintenance & Upkeep
Guest Ledgers	A&G–Prtg, Stat. & Post.	Rooms–Guest & Paper Supp.	
Guest Registers	A&G–Prtg, Stat. & Post.	Rooms–Guest & Paper Supp.	
Guest Soap	DOE–Guest Supplies	Rooms–Guest Supplies	DOE–Guest Supplies
Guest Stationery	DOE–Guest Supplies	Rooms–Guest Supplies	
Guide Book Advertising	Marketing–Advertising	Marketing–Advertising	Marketing
H			
Help Wanted Ads	A&G–Misc.	A&G–Misc.	A&G–Misc.
Housekeeper & Maids Reports	A&G–Prtg, Stat. & Post.	Rooms–Guest & Paper Supp.	

Items	Rooms-Only Accommodation Facility	Full Service Accommodation Facility	Foodservice Facility
I			
Ice		F&B–Other Op. Exp.	DOE–Other Op. Exp.
Ice Tongs–Bar		F&B–Utensils	DOE–Utensils
Index Cards	A&G–Prtg. Stat. & Post.	A&G–Prtg. & Stat.	A&G–Prtg. Stat. & Post.
Insecticides	DOE–Cleaning Supplies & Expenses	Rooms; F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies & Expenses
Inspection–Mechanical	POM&E–General Electrical & Mechanical Equipment	POM&E–General Electrical & Mechanical Equipment	POM&E–General Maintenance & Upkeep
Insurance–Building & Contents	Occupancy Costs–Insurance	Occupancy Costs–Insurance	Occupancy Costs–Insurance
Insurance–Business Interruption	A&G–Insurance	A&G–Insurance	A&G–Insurance
Insurance–Fire	Occupancy Costs–Insurance	Occupancy Costs–Insurance	Occupancy Costs–Insurance
Insurance–Group	Employee Benefits	Employee Benefits, Group Insurance	Employee Benefits
Insurance–Vehicles	A&G–Insurance	A&G–Insurance	A&G–Insurance
Insurance–Workmen's Comp.	Employee Benefits	Employee Benefits	Employee Benefits
Interest	Occupancy Costs–Interest	Occupancy Costs–Interest	Occupancy Costs–Interest
Interest on Mortgages	Occupancy Costs–Interest	Occupancy Costs–Interest	Occupancy Costs–Interest
Interest on Taxes in Arrears	Occupancy Costs–Interest	Occupancy Costs–Interest	Occupancy Costs–Interest
K			
Kettles		F&B–Utensils	DOE–Utensils
Key Repairs	POM&E–Misc.	POM&E–Misc.	
Keys for Safe Deposit Boxes	DOE–Other Op. Exp.	Rooms–Other Op. Exp.	
Kitchen Equipment Repairs		POM&E–Kitchen	POM&E–General Maintenance & Upkeep
L			
Ladders	POM&E–Supplies	POM&E–Supplies	POM&E–Supplies
Ladles–Kitchen		F&B–Utensils	DOE–Utensils
Ladles–Restaurant		F&B–China, Glass & Silver	DOE–China, Glass & Silver
Landscaping	POM&E–Grounds	POM&E–Grounds	POM&E–General Maintenance & Upkeep
Laundry	DOE–Laundry	Rooms; F&B–Laundry House Laundry	DOE–Laundry
Legal Fees	A&G–Professional Fees	A&G–Professional Fees	A&G–Professional Fees
Lemon Oil	DOE–Cleaning Supplies & Expenses	Rooms; F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies
Lemon Squeezers		F&B–Utensils	DOE–Utensils
Licenses–Beverages		F&B–Licenses	DOE–Licenses
Licenses–Gift Shop		Gift Shop–Other Op. Exp.	
Licenses–General	A&G–Misc.	A&G–Misc.	A&G–Misc.
Light Bulbs	POM&E–Supplies	POM&E–Supplies	POM&E–Supplies
Linen	DOE–Linen	Rooms; F&B–Linen	DOE–Linen
Linen Napkins		F&B–Linen	DOE–Linen
Linen Rental	DOE–Linen	Rooms; F&B–Linen	DOE–Linen
Linen Towels	DOE–Linen	Rooms; F&B–Linen	DOE–Linen
Lobby Cleaning (On Contract)	DOE–Contract Cleaning	Rooms–Contract Cleaning	
Lock Repairs	POM&E–GE&ME	POM&E–GE&ME	POM&E–General Maintenance & Upkeep

Items	Rooms-Only Accommodation Facility	Full Service Accommodation Facility	Foodservice Facility
Losses on Sales of Fixed Assets	Other Additions & Deductions-Losses on Sales of Capital or Fixed Assets	Other Additions & Deductions-Losses on Sales of Capital or Fixed Assets	Other Additions & Deductions-Losses on Sales of Capital or Fixed Assets
Losses on Sales of Securities	Other Additions & Deductions-Losses on Sales of Securities	Other Additions & Deductions-Losses on Sales of Securities	Other Additions & Deductions-Losses on Sales of Securities
Lost & Damaged Articles (Guest)	A&G-Misc.	A&G-Misc.	A&G-Misc.
Lubricating Oils & Greases	POM&E-Misc	POM&E-Misc.	POM&E-Misc.
Lumber	POM&E-Building	POM&E-Building	POM&E-Supplies
M			
Machine Oil	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Machine Repairs	POM&E-GE&ME	POM&E-GE&ME	POM&E-General Maintenance and Upkeep
Magazine Advertising	Marketing-Advertising	Marketing-Advertising	Marketing
Magazines (Guest)	DOE-Guest Supplies	Rooms-Guest Supplies	
Magazines-Trade	A&G-Subscriptions	A&G-Subscriptions	A&G-Subscriptions
Maid's Reports	A&G-Prtg, Stat. & Post	Rooms-Guest and Paper Supplies	
Mailing Lists	Marketing-Advertising	Marketing-Advertising	Marketing
Maintenance Contracts-Electric Signs	POM&E-GE&ME	POM&E-GE&ME	POM&E-General Maintenance and Upkeep
Maintenance Contracts-Office Equip.	POM&E-GE&ME	POM&E-GE&ME	POM&E-General Maintenance and Upkeep
Management Fees	A&G-Misc.	A&G-Misc.	A&G-Misc.
Masonry Repairs	POM&E-Building	POM&E-Building	POM&E-General Maintenance and Upkeep
Matches (Guest)	DOE-Guest Supplies	Rooms; F&B-Guest Supplies	DOE-Guest Supplies
Mats-Floor	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Mats-Bath	DOE-Linen	Rooms-Linen	
Mats-Rubber	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Mattress Protectors	DOE-Linen	Rooms-Linen	
Mattress Repairs	POM&E-Building	POM&E-Building	
Meals-Employees	Employee Benefits	Employee Benefits	Employee Benefits
Mechanical Inspection	POM&E-GE&ME	POM&E-GE&ME	POM&E-General Maintenance and Upkeep
Membership Dues-	A&G-Dues & Subscr.	A&G-Dues & Subscr.	A&G-Dues & Subscr.
Menus		F&B-Paper, Stat, & Guest S.	DOE-Paper, Stat, & Guest Sup.
Message Envelopes (Telephone)	A&G-Prtg, Stat. & Post.	Telephone-Printing & Stat.	A&G-Prtg, Stat. & Post.
Metal Polish	DOE-Cleaning Supplies	Rooms; F&B-Cleaning Supplies	DOE-Cleaning Supplies
Mixers		F&B-Utensils	DOE-Utensils
Mixing Bowls		F&B-Utensils	DOE-Utensils
Mixing Spoons		F&B-Utensils	DOE-Utensils
Molds		F&B-Utensils	DOE-Utensils
Mop Handles & Wringers	DOE-Cleaning Supplies & Expenses	Rooms; F&B-Cleaning Supplies & Expenses	DOE-Cleaning Supplies
Mops	DOE-Cleaning Supplies & Expenses	Rooms; F&B-Cleaning Supplies & Expenses	DOE-Cleaning Supplies
Mortgage Interest	Occupancy Costs-Interest	Occupancy Costs-Interest	Occupancy Costs-Interest
Moth Proofing Chemicals	DOE-Cleaning Supplies & Expenses	Rooms; F&B-Cleaning Supplies & Expenses	DOE-Cleaning Supplies

Items	Rooms-Only Accommodation Facility	Full Service Accommodation Facility	Foodservice Facility
Motor Repairs	POM&E–GE&ME	POM&E–GE&ME	POM&E–General Maintenance and Upkeep
Mouse Traps	DOE–Cleaning Supplies & Expenses	Rooms;F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies
Muddlers		F&B–Utensils	DOE–Utensils
Musicians	Music & Entertainment	Music & Entertainment	Music & Entertainment
Music Licenses	Music & Entertainment	Music & Entertainment	Music & Entertainment
Music–Mechanical	Music & Entertainment	Music & Entertainment	Music & Entertainment
N			
Napkins–Linen		F&B–Linen	DOE–Linen
Napkins–Paper		F&B–Paper Supplies	DOE–Paper Supplies
Needles & Thread	POM&E–Supplies	POM&E–Supplies	POM&E–Supplies
Needles–Brochette		F&B–Utensils	DOE–Utensils
Needles–Larding		F&B–Utensils	DOE–Utensils
Newspaper Advertising	Marketing–Advertising	Marketing–Advertising	Marketing
Newspapers–Guest	DOE–Guest Supplies	Rooms; F&B–Guest Supplies	DOE–Guest Supplies
Newspapers–For Resale	Other Income	Other Income	Other Income
Night Auditors' Reports	A&G–Prtg, Stat. & Post	A&G–Prtg, Stat. & Post.	
O			
Office Equipment Repairs	POM&E–GE&ME	POM&E–GE&ME	POM&E–General Maintenance and Upkeep
Office Supplies	A&G–Prtg, Stat. & Post.	A&G–Prtg, & Stat.	A&G–Prtg. Stat. & Post.
Oil–Fuel	POM&E–Fuel	POM&E–Fuel	POM&E–Fuel
Oils & Greases Lubrication	POM&E–Supplies	POM&E–Supplies	POM&E–Supplies
Oils & Greases–Lubrication (Hotel Vehicles)	A&G–Travel Expenses	A&G–Travel Expenses	
Openers–Bottle		F&B–Utensils	DOE–Utensils
Openers–Bottle	DOE–Guest Supplies	Rooms–Guest Supplies	
Openers–Can		F&B–Utensils	DOE–Utensils
Outdoor Advertising	Marketing–Advertising	Marketing–Advertising	Marketing
Overages & Shortages –Cash	A&G–Cash over & short	A&G–Cash over & short	A&G–Cash over & short
Overalls	DOE–Uniforms	Rooms–Uniforms	
Oyster Knives		F&B–Utensils	DOE–Utensils
P			
Pails	DOE–Cleaning Supplies & Expenses	Rooms; F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies & Expenses
Paint	POM&E–Supplies	POM&E–Supplies	POM&E–Supplies
Paint Brushes	POM&E–Supplies	POM&E–Supplies	POM&E–Supplies
Paint Cleaners	DOE–Cleaning Supplies	Rooms; F&B–Cleaning Supplies	DOE–Cleaning Supplies
Pamphlets	Marketing–Advertising	Marketing–Advertising	Marketing
Pans		F&B–Utensils	DOE–Utensils
Pants	DOE–Uniforms	Rooms; F&B–Uniforms	DOE–Uniforms
Paper Bags		F&B–Paper Supplies	DOE–Paper Supplies
Paper Butter Chips		F&B–Paper Supplies	DOE–Paper Supplies
Paper Cases		F&B–Paper Supplies	DOE–Paper Supplies
Paper Clips	A&G–Prtg, Stat. & Post.	A&G–Prtg. & Stat.	A&G–Prtg, Stat. & Post.
Paper–Cooking		F&B–Paper Supplies	DOE–Paper Supplies

Items	Rooms-Only Accommodation Facility	Full Service Accommodation Facility	Foodservice Facility
Paper Doilies		F&B–Paper Supplies	DOE–Paper Supplies
Paper Napkins		F&B–Paper Supplies	DOE– Paper Supplies
Paper Plates		F&B–Paper Supplies	DOE–Paper Supplies
Paper Towels (Employee)	A&G–Misc.	A&G–Misc.	A&G–Misc.
Paper Towels (Guest)	DOE–Guest Supplies	Rooms; F&B–Guest Supplies	DOE–Guest Supplies
Pastry Bags (Paper)		F&B–Paper Supplies	DOE–Paper Supplies
Pastry Boxes		F&B–Paper Supplies	DOE– Paper Supplies
Pastry Tubes		F&B–Utensils	DOE–Utensils
Pencils	A&G–Prtg., Stat. & Post.	A&G–Prtg. & Stat.	A&G–Prtg., Stat. & Post.
Pencil Sharpeners	A&G–Prtg., Stat. & Post.	A&G–Prtg. & Stat.	A&G–Prtg., Stat. & Post.
Pens (Employee)	A&G–Prtg., Stat. & Post.	A&G–Prtg. & Stat.	A&G–Prtg., Stat. & Post.
Pens (Guest)	DOE–Guest Supplies	Rooms–Guest Supplies	
Periodicals–For Sale	Other Income	Other Income	Other Income
Piano Rentals	Music & Entertainment	Music & Entertainment	Music & Entertainment
Piano Tuning	Music & Entertainment	Music & Entertainment	Music & Entertainment
Picture Frames	POM&E–Building	POM&E–Building	POM&E–General Maintenance and Upkeep
Pillow Cases	DOE–Linen	Rooms–Linen	
Pins (Employees)	A&G–Prtg., Stat. & Post.	A&G–Prtg. & Stat.	A&G–Prtg., Stat. & Post
Pipe Repairs	POM&E–GE&ME	POM&E–GE&ME	POM&E–General Maintenance and Upkeep
Pitchers		F&B–China, Glass & Silver	DOE–China, Glass & Silver
Plants	DOE–Other Op. Exp.	Rooms; F&B–Other Op. Exp.	DOE–Other Op. Exp.
Plantings	POM&E–Grounds	POM&E–Grounds	POM&E–General Maintenance and Upkeep
Plaster Repairs	POM&E–Building	POM&E–Building	POM&E–General Maintenance and Upkeep
Plates		F&B–China, Glass & Silver	DOE–China, Glass & Silver
Plates–Paper		F&B–Paper Supplies	DOE–Paper Supplies
Platters		F&B–China, Glass & Silver	DOE–China, Glass & Silver
Playgrounds–Maint.	POM&E–Grounds (See Grounds "Expenses")	POM&E–Grounds	
Playing Cards	DOE–Guest Supplies	Rooms–Guest Supplies	
Plumbing Repairs	POM&E–Building	POM&E–Building	POM&E–General Maintenance and Upkeep
Poles–Curtains	POM&E–Supplies	POM&E–Supplies	POM&E–Supplies
Polish–Brass	DOE–Cleaning Supplies & Expenses	Rooms; F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies
Polish	DOE–Cleaning Supplies & Expenses	Rooms; F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies
Post Office Box Rental	A&G–Misc.	A&G–Misc.	A&G–Misc.
Postage	A&G–Prtg., Stat. & Post.	A&G–Prtg., Stat. & Post.	A&G–Prtg., Stat. & Post.
Postage–For Promotional Mailing	Marketing–Advertising	Marketing–Advertising	Marketing
Postcards–For Resale	Other Income	Other Income	Other Income
Pots		F&B–Utensils	DOE–Utensils
Preopening Expenses (Amortization)	Occupancy–Amortization of Preopening Expenses	Occupancy–Amortization of Preopening Expenses	Occupancy–Amortization of Preopening Expenses
Printed Matter–Advertising	Marketing–Advertising	Marketing– Advertising	Marketing

Items	Rooms-Only Accommodation Facility	Full Service Accommodation Facility	Foodservice Facility
Prizes-Employees Awards for Suggestions	Employee Benefits	Employee Benefits	Employee Benefits
Professional Entertainers	Music & Entertainment	Music & Entertainment	Music & Entertainment
Programs-Entertainers	Music & Entertainment	Music & Entertainment	Music & Entertainment
Protective Services	A&G-Misc.	A&G-Misc.	A&G-Misc.
Protectors-Mattress	DOE-Linen	Rooms-Linen	
Protectors-Table		F&B-Linen	DOE-Linen
Public Address System Repairs	POM&E-GE&ME	POM&E-GE&ME	POM&E-General Maintenance and Upkeep
Pump Repairs	POM&E-GE&ME	POM&E-GE&ME	POM&E-General Maintenance and Upkeep
Purifiers & Softeners for Water	POM&E-Misc.	POM&E-Misc.	POM&E-Misc.
R			
Rack Cards	DOE-Paper & Guest Suppl.	Rooms-Paper & Guest Suppl.	
Radio Broadcasting	Marketing-Advertising	Marketing-Advertising	Marketing
Radio Repairs	POM&E-GE&ME	POM&E-GE&ME	POM&E-General Maintenance and Upkeep
Raincoats	DOE-Uniforms	Rooms-Uniforms	
Range Repairs		POM&E-Kitchen	POM&E-General Maintenance and Upkeep
Real Estate Taxes	Occupancy Cost-Property Taxes	Occupancy Cost-Property Taxes	Occupancy Cost-Property Taxes
Record Books	A&G-Prtg., Stat. & Post.	A&G-Prtg. & Stat.	A&G-Prtg., Stat. & Post.
Refrigerants	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Refrigeration Supplies	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Register Repairs-Cash & Checking	POM&E-GE&ME	POM&E-GE&ME	POM&E-General Maintenance and Upkeep
Registration Cards	A&G-Prtg., Stat. & Post.	Rooms-Prtg. & Stat.	
Removal of Garbage	POM&E-Waste Removal	POM&E-Waste Removal	POM&E-Waste Removal
Rentals-Automatic Telephones	A&G-Misc.	A&G-Misc.	A&G-Misc.
Rentals-Autos	A&G-Travel	A&G-Travel	A&G-Travel
Rentals-Piano	Music & Entertainment	Music & Entertainment	Music & Entertainment
Rental-Television	Occupancy Cost-Equipment Rental	Occupancy Cost-Equipment Rental	
Rent-Building & Land	Occupancy Cost-Rent	Occupancy Cost-Rent	Occupancy Cost-Rent
Replating Silver		F&B-China, Glass & Silver	DOE-China, Glass & Silver
Reservation Tabs	A&G-Prtg., Stat. & Post.	Rooms-Prtg. & Stat	
Reservation Cards-Dining Room Tables		F&B-Paper, Stat. & Guest Suppl.	A&G-Prtg. & Stat.
Restaurant Checks		F&B-Paper, Stat., & Guest Suppl.	A&G-Prtg. & Stat.
Ribbon-Billing Machines	A&G-Prtg. & Stat.	A&G-Prtg. & Stat.	A&G-Prtg. & Stat.
Ribbons-Typewriter, Checking & Cash Register	A&G-Prtg., Stat. & Post.	A&G-Prtg., Stat. & Post.	A&G-Prtg., Stat. & Post.
Rings-Window Shades, Screens & Awnings	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Road Signs (Rental of)	Marketing-Advertising	Marketing-Advertising	Marketing

Items	Rooms-Only Accommodation Facility	Full Service Accommodation Facility	Foodservice Facility
Roadways-Maintenance	POM&E-Grounds	POM&E-Grounds	POM&E-General Maintenance and Upkeep
Road Salt	POM&E-Misc.	POM&E-Misc.	POM&E-Misc.
Roof Repairs	POM&E-Building	POM&E-Building	POM&E-General Maintenance and Upkeep
Room Guides	DOE-Paper, Stat. & Guest Suppl.	Rooms-Paper, Stat. & Guest Suppl.	
Rope	POM&E-Misc.	POM&E-Misc.	POM&E-Misc.
Royalties		Music & Entertainment	Music & Entertainment
Rubber Bands	A&G-Prtg., Stat. & Post.	A&G-Prtg. & Stat.	A&G-Prtg., Stat. & Post.
Rubber Belts	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Rubber Boots	DOE-Uniforms; POM&E-Misc.	Rooms; F&B-Uniforms; POM&E-Misc.	
Rubber Mats	POM&E-Misc.	POM&E-Misc.	POM&E-Misc.
Rubber Stamps	A&G-Prtg., Stat. & Post.	A&G-Prtg. & Stat.	A&G-Prtg., Stat. & Post.
Rug Repairs	POM&E-Building & Furnit.	POM&E-Building & Furnit.	POM&E-General Maintenance and Upkeep
S			
Safe Deposit Box Keys	DOE-Other Op. Exp.	Rooms-Other Op. Exp.	
Safe Deposit Box Rentals	A&G-Misc.	A&G-Misc.	A&G-Misc.
Safety Matches (Guest)	DOE-Guest Supplies	Rooms; F&B-Guest Supplies	DOE-Guest Supplies
Salad Bowls		F&B-China, Glass & Silver	DOE-China, Glass & Silver
Sales Checks		A&G-Prtg., Stat.; Gift Shop-Supplies	A&G-Prtg. & Stat.
Salt-Rock	POM&E-Misc.	F&B; POM&E-Misc.	DOE; POM&E-Misc.
Sand-Blasting	POM&E-Building	POM&E-Building	POM&E-General Maintenance and Upkeep
Sandpaper	POM&E-Misc.	POM&E-Misc.	POM&E-Misc.
Saucers		F&B-China, Glass & Silver	DOE-China, Glass & Silver
Scissors	DOE-Other Op. Exp.	Rooms; F&B; etc.-Other Op. Exp.	DOE-Other Op. Exp.
Scotch Tape	A&G-Prtg., Stat. & Post.	A&G-Prtg., Stat. & Post.	A&G-Prtg., Stat. & Post.
Scrapers-Paint	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Screening	POM&E-Misc.	POM&E-Misc.	POM&E-Misc.
Septic Tank Repairs	POM&E-Building	POM&E-Building	POM&E-General Maintenance and Upkeep
Sewer System Repairs	POM&E-Building	POM&E-Building	POM&E-General Maintenance and Upkeep
Shades	POM&E-Building	POM&E-Building	POM&E-General Maintenance and Upkeep
Shakers-Beverage		F&B-Utensils	DOE-Utensils
Sharpeners-Pencil	A&G-Prtg., Stat. & Post.	A&G-Prtg. & Stat.	A&G-Prtg., Stat. & Post.
Sharpening Knives		F&B-Utensils	DOE-Utensils
Sheets-Linen	DOE-Linen	Rooms-Linen	
Shelf Paper	DOE-Other Op. Exp.	Rooms-Other Op. Exp.	
Shoe Cloths (Guest)	DOE-Guest Supplies	Rooms-Guest Supplies	
Shoes	DOE-Uniforms	Rooms; F&B-Uniforms	DOE-Uniforms
Shortages & Overages-Cash	A&G-Cash Short & Over	A&G-Cash Short & Over	A&G-Cash Short & Over
Shovels	POM&E-Misc.	POM&E-Misc.	POM&E-Misc.
Shower Curtains	DOE-Linen	Rooms-Linen	

Items	Rooms-Only Accommodation Facility	Full Service Accommodation Facility	Foodservice Facility
Shrubbery	POM&E–Grounds	POM&E–Grounds	POM&E–General Maintenance and Upkeep
Sidewalk Repairs	POM&E–Grounds	POM&E–Grounds	POM&E–General Maintenance and Upkeep
Sign Repairs	POM&E–GE&ME	POM&E–GE&ME	POM&E–General Maintenance and Upkeep
Signs–Directional	DOE–Other Op. Exp.	Rooms–Other Op. Exp.	DOE–Other Op. Exp.
Signs–Front Desk	DOE–Other Op. Exp.	Rooms–Other Op. Exp.	
Signs–Restaurant		F&B–Other Op. Exp.	DOE–Other Op. Exp.
Signs–Road (Rental Of)	Marketing–Advertising	Marketing–Advertising	Marketing
Silver Dishes, Utensils, Etc.		F&B–China, Glass & Silver	DOE–China, Glass & Silver
Silverwash		F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies & Exp.
Skewers		F&B–Utensils	DOE–Utensils
Smocks	DOE–Uniforms	Rooms; F&B; Laundry–Uniforms	DOE–Uniforms
Soap for Cleaning	DOE–Cleaning Supplies & Expenses	Rooms; F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies & Exp.
Soap (Guest)	DOE–Guest Supplies	Rooms–Guest Supplies	DOE–Guest Supplies
Soap (Laundry)	DOE–Laundry	House Laundry–Supplies	DOE–Laundry
Social & Sports Activities–Employees	Employee Benefits	Employee Benefits	Employee Benefits
Soda (Laundry)	DOE–Laundry	House Laundry–Supplies	DOE–Laundry
Soft Drinks		Beverage–Cost of Sales	Beverage–Cost of Sales
Solvents	POM&E–Supplies	POM&E–Supplies	POM&E–Supplies
Soufflé Cases		F&B–Paper Supplies	DOE–Paper Supplies
Souvenirs–For Resale	Other Income	Other Income; Gift Shop	Other Income
Souvenirs	DOE–Guest Supplies	Rooms; F&B–Guest Supplies	DOE–Guest Supplies
Souvenirs (Advertising)	Marketing–Advertising	Marketing–Advertising	Marketing
Sponges–Painters	POM&E–Supplies	POM&E–Supplies	POM&E–Supplies
Sponges–Cleaning	DOE–Cleaning Supplies & Expenses	Rooms; F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies & Exp.
Spoons		F&B–Utensils	DOE–Utensils
Spoons–Silver		F&B–China, Glass & Silver	DOE–China, Glass & Silver
Springs, Mattresses & Pillow Repairs	POM&E–Building	POM&E–Building	
Springs, Bed	POM&E–Building	POM&E–Building	
Stamp Pads	A&G–Prtg., Stat. & Post.	A&G–Prtg. & Stat.	A&G–Prtg., Stat. & Post.
Stamps–General	A&G–Prtg., Stat. & Post.	A&G–Prtg., Stat. & Post.	A&G–Prtg., Stat. & Post.
Staplers	A&G–Prtg., Stat. & Post.	A&G; etc.–Prtg. & Stat.	A&G–Prtg., Stat. & Post.
Staples	A&G–Prtg., Stat. & Post.	A&G; etc.–Prtg. & Stat.	A&G–Prtg., Stat. & Post.
Starch	DOE–Laundry	House Laundry–Supplies	Doe–Laundry
Stationery	A&G–Prtg., Stat. & Post.	A&G–Prtg., Stat. & Post.	A&G–Prtg., Stat. & Post.
Stationery (Guest)	DOE–Guest Supplies	Rooms–Guest Supplies	
Steak Planks		F&B–Utensils	DOE–Utensils
Steel–Structural	POM&E–Building	POM&E–Building	POM&E–General Maintenance and Upkeep
Steel Wool	DOE–Cleaning Supplies & Expenses	Rooms; F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies & Exp.
Stencils	A&G–Prtg., Stat. & Post.	A&G–Prtg. & Stat.	A&G–Prtg., Stat. & Post.

Items	Rooms-Only Accommodation Facility	Full Service Accommodation Facility	Foodservice Facility
Stick-Swizzle		F&B-Other Op. Exp.	DOE-Other Op. Exp.
Storage of Equipment	A&G-Misc.	A&G-Misc.	A&G-Misc.
Storage Charges on Food & Beverages		Food; Beverage-Cost of Sales	Food; Beverage-Cost of Sales
Strainers		F&B-Utensils	DOE-Utensils
Straws-Bar		F&B-Other Op. Exp.	DOE-Other Op. Exp.
Subscriptions-Trade	A&G-Dues and Subscript.	A&G-Dues and Subscript.	A&G-Dues and Subscript.
Swatters-Fly	DOE-Cleaning Supplies & Expenses	Rooms; F&B-Cleaning Supplies & Expenses	DOE-Cleaning Supplies & Exp.
Sweepers-Carpet	DOE-Cleaning Supplies & Expenses	Rooms; F&B-Cleaning Supplies & Expenses	DOE-Cleaning Supplies & Exp.
Swimming Pool Repairs	POM&E-Building; Grounds	POM&E-Building; Grounds	POM&E-General Maintenance and Upkeep
Switchboard Repairs	POM&E-GE&ME	POM&E-GE&ME	
Switchplates	POM&E-Building	POM&E-Building	POM&E-General Maintenance and Upkeep
T			
Table Top	POM&E-Building & Furnit.	POM&E-Building & Furnit.	POM&E-General Maintenance and Upkeep
Table Tent Cards		F&B-Paper, & Guest Suppl.	DOE-Paper, & Guest Suppl.
Tape-Masking	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Tar	POM&E-Building	POM&E-Building	POM&E-General Maintenance and Upkeep
Table Cloths		F&B-Linen	DOE-Linen
Table Covers	POM&E-Building & Furnit.	POM&E-Building and Furnit.	POM&E-Supplies
Table Pads		F&B-Linen	DOE-Linen
Table Protectors		F&B-Linen	DOE-Linen
Table Tops		F&B-Linen	DOE-Linen
Tableware		F&B-China, Glass & Silver	DOE-China, Glass & Silver
Tape	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Taxicab Fares	A&G-Misc.	A&G-Misc.	A&G-Misc.
Teapots		F&B-China, Glass & Silver	DOE-China, Glass & Silver
Telegrams	A&G-Prtg., Stat. & Post.	A&G-Prtg, Stat. & Post.	A&G-Prtg, Stat. & Post.
Telephone Charges	A&G-Telephone	Telephone-Cost of Sales	A&G-Telephone
Telephone Directories	A&G-Telephone	Telephone-Other Expenses	A&G-Telephone
Telephone Directories -Out of Town	A&G-Telephone	Telephone-Other Expenses	A&G-Telephone
Telephone Directory Advtg.	Marketing-Advertising	Marketing- advertising	Marketing
Telephone Equipment Rental	Rent-Equipment Rental	Telephone-Equipment Rental	Rent-Equipment Rental
Television Repairs	POM&E-GE&ME	POM&E-GE&ME	POM&E-General Maintenance and Upkeep
Television Rentals	Rent-Equipment Rental	Rent-Equipment Rental	Rent-Equipment Rental
Ties	DOE-Uniforms	Rooms; F&B-Uniforms	DOE-Uniforms
Toilet Items	DOE-Guest Supplies	Rooms-Guest Supplies	DOE-Guest Supplies
Toothpicks		F&B-Guest Supplies	DOE-Guest Supplies
Tourist Guides	Marketing-Advertising	Marketing-Advertising	Marketing
Towels-Linen	DOE-Linen	Rooms; F&B; etc.-Linen	DOE-Linen
Towels-Paper	DOE-Other Op. Exp.	Rooms; F&B; etc.-Other Op. Exp.	DOE-Other Op. Exp.

Name	Rooms-Only Accommodation Facility	Full Service Accommodation Facility	Foodservice Facility
Trade Magazines & Publications-Subscriptions	A&G-Dues and Subscript.	A&G-Dues and Subscript.	A&G-Misc.
Transportation Charges on Food & Beverages		Food; Beverage-Cost of Sales	Food; Beverage-Cost of Sales
Transportation of Employees	A&G-Travel Expense	A&G-Travel Expense	A&G-Travel Expense
Travelling Expenses	A&G-Travel Expense	A&G-Travel Expense	A&G-Travel Expense
Travelling Expenses-Business Promotion	Marketing-Promotional	Marketing-Promotional	Marketing
Trays		F&B-Utensils	DOE-Utensils
Trousers	DOE-Uniforms	Rooms; F&B-Uniforms	DOE-Uniforms
Trucking (Not Otherwise Distributed as Cost of Goods Purchased)	A&G-Misc.	A&G-Misc.	A&G-Misc.
Tubes-Pastry		F&B-Utensils	DOE-Utensils
Turpentine	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Twine (Laundry)	DOE-Laundry	House Laundry-Supplies	DOE-Laundry
Typewriter Repairs	POM&E-GEM&E	POM&E-GE&ME	POM&E-General Maintenance and Upkeep
U			
Uncollectable Accounts	A&G-Misc.	A&G-Misc.	A&G-Misc.
Uniforms Repairs	DOE-Uniforms	Rooms; F&B-Uniforms	DOE-Uniforms
Upholstery Supplies	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Utensils-Bar		F&B-Utensils	DOE-Utensils
Utensils-Kitchen		F&B-Utensils	DOE-Utensils
Uniforms	DOE-Uniforms	Rooms; F&B; etc.-Uniforms	DOE-Uniforms
Uniform Cleaning	DOE-Uniforms	Rooms; F&B; etc.-Uniforms	DOE-Uniforms
V			
Vacuum Cleaner Accessories	DOE-Cleaning Supplies & Expenses	Rooms; F&B-Cleaning Supplies & Expenses	DOE-Cleaning Supplies & Exp.
Vacuum Cleaner Repairs	POM&E-GE&ME	POM&E-GE&ME	POM&E-General Maintenance and Upkeep
Valances	POM&E-Building	POM&E-Building	POM&E-General Maintenance and Upkeep
Valve Repairs	POM&E-GE&ME	POM&E-GE&ME	POM&E-General Maintenance and Upkeep
Varnish	POM&E-Supplies	POM&E-Supplies	POM&E-Supplies
Vehicle Depreciation -Hotel Vehicles	Occupancy Costs-Depreciat.	Occupancy Costs-Depreciat.	Occupancy Costs-Depreciat.
Vehicle Repairs-Hotel Vehicles	POM&E-GE&ME	POM&E-GE&ME	POM&E-General Maintenance and Upkeep
Venetian Blinds	POM&E-Building	POM&E-Building	POM&E-General Maintenance and Upkeep
Vouchers	A&G-Prtg. Stat. & Post.	A&G-Prtg. and Stat.	A&G-Prtg. Stat. & Post.
W			
Wall Hangings	POM&E-Building	POM&E-Building	POM&E-General Maintenance and Upkeep
Wall Paper	POM&E-Building	POM&E-Building	POM&E-General Maintenance and Upkeep
Wall Repairs	POM&E-Building	POM&E-Building	POM&E-General Maintenance and Upkeep
Wall Washers	DOE-Cleaning Supplies & Expenses	Rooms; F&B-Cleaning Supplies & Expenses	DOE-Cleaning Supplies
Want Ads (Help Wanted)	A&G-Misc.	Rooms; F&B; etc.-Misc.	A&G-Misc.

Items	Rooms-Only Accommodation Facility	Full Service Accommodation Facility	Foodservice Facility
Warehouse Costs–Beverages		Beverage–Cost of Sales	Beverage–Cost of Sales
Wash Cloths	DOE–Guest Supplies	Rooms–Guest Supplies	
Water	POM&E–Water	POM&E–Water	POM&E–Water
Water–Drinking	POM&E–Water	POM&E–Water	POM&E–Water
Water–Glasses	DOE–Guest Supplies	Rooms–Guest Supplies; F&B–China, Glass & Silver	DOE–China, Glass & Silver
Water Pitchers	DOE–Guest Supplies	Rooms–Guest Supplies; F&B–China, Galss & Silver	DOE–China, Glass & Silver
Waterproofing Repairs	POM&E–Building	POM&E–Building	POM&E–General Maintenance and Upkeep
Water Purifiers & Softeners	POM&E–Water	POM&E–Water	POM&E–Water
Water System Repairs	POM&E–GE&ME	POM&E–GE&ME	POM&E–General Maintenance and Upkeep
Water Tests	POM&E–Water	POM&E–Water	POM&E–Water
Wax	DOE–Cleaning Supplies & Expenses	Rooms; F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies & Exp.
Wax Paper		F&B–Paper Supplies	DOE–Paper Supplies
Wicks for Chafing Dishes		F&B–Other Op. Exp.	DOE–Other Op. Exp.
Window Cleaning (On Contract)	DOE–Contract Cleaning	Rooms; F&B–Contract Cleaning	DOE–Contract Cleaning
Window Glass Replacing (Glazing)	POM&E–Building	POM&E–Building	POM&E–General Maintenance and Upkeep
Window Repairs	POM&E–Building	POM&E–Building	POM&E–General Maintenance and Upkeep
Window Shades, Screen & Awning Repairs	POM&E–Building	POM&E–Building	POM&E–General Maintenance and Upkeep
Window Shades–Cleaning	DOE–Cleaning Supplies & Expenses	Rooms; F&B–Cleaning Supplies & Expenses	DOE–Cleaning Supplies & Exp.
Wine Baskets		F&B–Utensils	DOE–Utensils
Wine Lists		F&B–Paper, Stat. & Guest Suppl.	DOE–Paper, Stat. & Guest Suppl.
Wiring Repairs	POM&E–GE&ME	POM&E–GE&ME	POM&E–General Maintenance and Upkeep
Wrapping Paper (Gift Shop)		Gift Shop Supplies	
Writing Supplies (For Guests & Writing Room)	DOE–Guest Supplies	Rooms–Guest Supplies	

Notes

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Provincial Government Tourism Office

Travel Manitoba
7th Flr., 155 Carlton Street
Winnipeg, Manitoba
R3C 0V8

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Manitoba Restaurant and Foodservices Association
Manitoba Hotel Association
Tourism Industry Association of Manitoba
Manitoba Lodge and Outfitters Association

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Canadian Government Office of Tourism
Ottawa, Ontario
Department of Industry and Commerce
Winnipeg, Manitoba
Federal Business Development Bank
Central Region
Winnipeg, Manitoba

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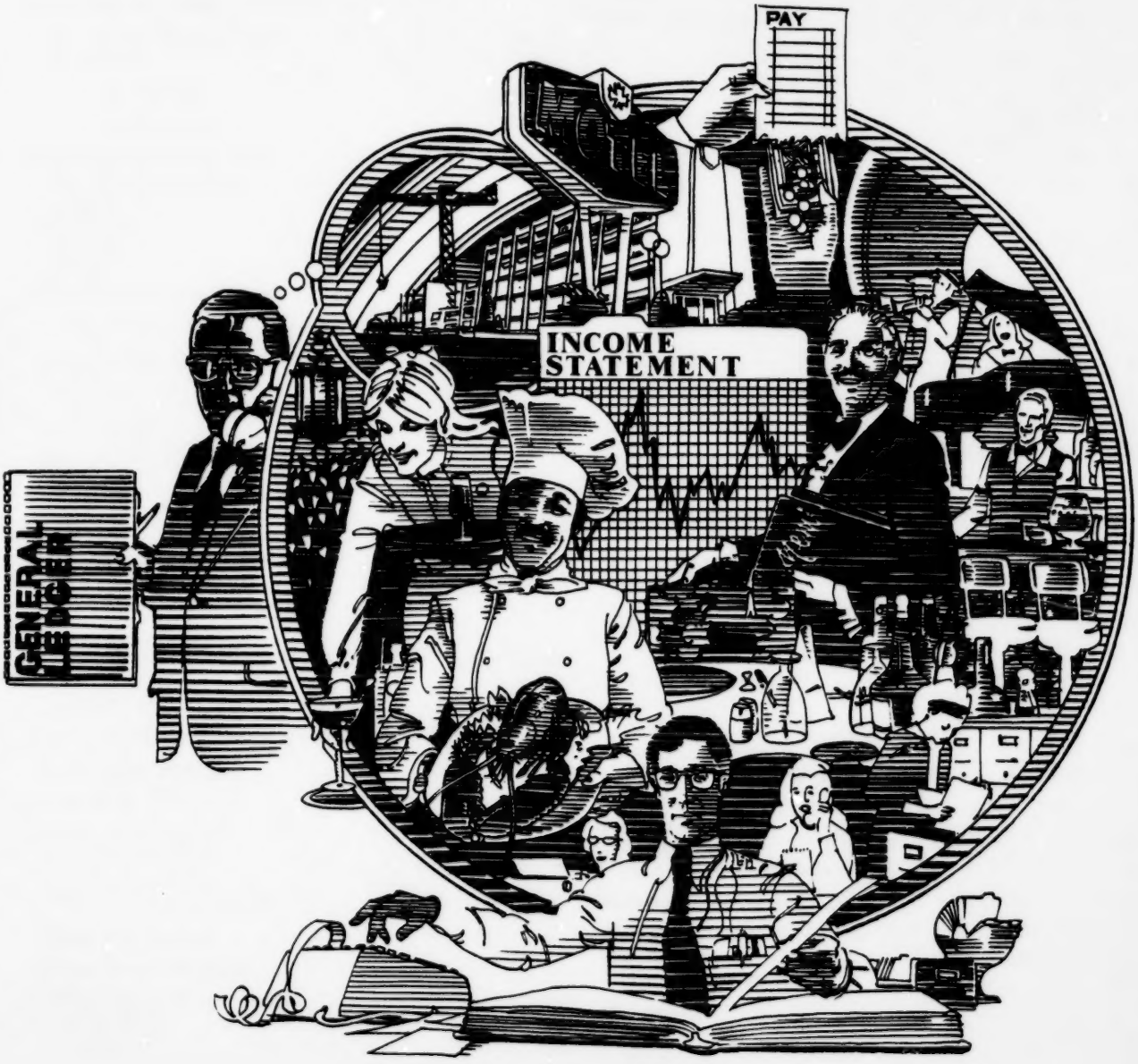

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